Daily Report

Latin America

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FBIS-LAT-96-098 *20 May 1996*

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Cuba

Cuba: FAA Decision Revoking Basulto License Said Overdue

PA1705152696 Havana Radio Havana Cuba in Spanish 1300 GMT 17 May 96

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Cuba regards as overdue the FAA's 16 May decision to revoke the pilot's license of Jose Basulto, head of the anti-Cuban terrorist group Brothers to the Rescue, after confirming that he violated Cuba's airspace.

Speaking before the press in Havana, Cuban Foreign Ministry official Rafael Dauza has said this measure against Basulto should have been taken a long time ago. According to U.S. authorities, there is evidence that the counterrevolutionary leader carried out nonauthorized air operations on 13 July 1995 and 24 February 1996 and that he violated Cuban airspace in both instances. On 24 February, two planes of the organization headed by Basulto were shot down in Cuban airspace north of Havana after several warnings by Cuban authorities.

Cuba: Alarcon Comments on U.S. Aviation Decision

PA1805042696 Havana Radio Havana Cuba in Spanish 0000 GMT 18 May 96

[Report by Beatriz Padron on statement by Ricardo Alarcon, President of the National Assembly of the People's Government of Cuba, to the national and foreign media at the home office of the Cuban Institute of Friendship with the People, in Havana on 18 May; from the "Evening Information Review" newscast — recorded]

[FBIS Translated Text] [Padron] As has been reported, the U.S. Federal Aviation Administration and the U.S. State Department have reportedly revoked the pilot's license of Jose Basulto, chief of the anti-Cuban terrorist group Brothers to the Rescue after establishing that he violated Cuba's air space.

The decision is based on the fact that Basulto violated the rules of the U.S. Federal Aviation Administration when he entered Cuban air space without authorization on 13 July 1995 and on 24 February 1996.

Ricardo Alarcon, president of the Cuban Parliament, gave his opinion in this regard to the national and foreign media in Havana.

[Begin Alarcon recording] I think this has been a valid and fundamental measure, but it has to be said that it is too lenient and comes too late. The importance of this measure is that it gives evidence to the fact that the 24 February events could have been avoided if they had done what they had to do. They have withdrawn Basulto's license on the basis of charges they had filed against him many months ago because of actions he and his group committed last year.

The fact that the license has been taken away shows that this could have been done at any moment.

I believe this shows who was responsible for what happened. It is interesting to see that he has been accused, among other things, of having violated Cuban territory on 24 February. This has been done by the very government that had been insisting that the events took place over international waters.

I think this is alright. We must acknowledge the positive aspect of this action, especially as evidence of who was right throughout this entire incident.

It is unfortunate this was not done a year ago. [end recording]

[Padron] In responding this Friday to the journalists at the home office of the Cuban Institute of Friendship With the People, the president of the top government organization on the island, also referred to U.S. President William Clinton's announcement of his decision to remove mines placed around the Guantanamo Naval Base, which the United States illegally maintains in Cuban territory.

[Begin Alarcon recording] I do not exactly believe this is some sort of a gesture. They are intensely discussing what to do with antipersonnel mines throughout the world. In the United States there is an intense debate on this. There are those who want to eliminate them completely. Apparently this is the president's position. There are other sectors that are in favor of a slower, more complicated process. As I understand it, the position announced by Clinton is that mines will be eliminated everywhere with the exception of Korea, where U.S. troops are face-to-face with Korean troops. It is in this context that mines will logically be eliminated in Guantanamo as well. I think this is coherent with that unilateral decision by Clinton. [end recording]

[Padron] Ricardo Alarcon also said that the Cuban authorities do not necessarily have to correspond with a similar action to this U.S. Government announcement.

[Begin Alarcon recording] I do not think so. We would have to consider the nature of this military resource. The truth is that a country with the technological development of the United States, which uses star war technology and the most sophisticated electronics means, as it did in the Gulf War, does not need mines. Mines have been excessively used by guerrillas, by the

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poor, and by underdeveloped armies that do not have the power that the United States does. If the United States abandons something it does not need, this does not mean that everyone else has to follow suit. This is what I think. This is my strictly personal opinion. [end recording]

Cuba: Castro Says ICAO Should Condemn U.S. Over Incident

PA1805034996 Havana PRENSA LATINA in Spanish 0225 GMT 18 May 96

[By Jorge V. Jaime]

[FBIS Translated Text] Ciego de Avila, Cuba, 17 May (PL) — Cuban President Fidel Castro asserted here today that if the investigation on the downing of the two lightplanes that violated the country's sovereignty last February is to be fair it should condemn the United States.

In statements to PRENSA LATINA, the president said, "if it is to render a fair result," the International Civil Aviation Organization (ICAO) conclusions must admit that the United States has been protecting the activities of ultra-rightist Cuban-American sectors against their country of origin.

ICAO received a UN mandate to investigate the 24 February incident, in which airplanes from the so-called "Brothers to the Rescue" organization — an anti-Cuban group stationed in Miami — entered the island's airspace and were downed by the Revolutionary Air Force.

There is no doubt about this, the Cuban leader stated. He also commented that the recent suspension of the license of the group's pilot, Jose Basulto, is a decision that must be viewed after time has elapsed to "see how things evolve" and make a conclusive appraisal of this decision by U.S. authorities.

The U.S. Federal Aviation Administration (FAA) revoked Basulto's flying permit yesterday, because "he violated FAA regulations on two occasions" when he entered Cuban airspace without authorization and ignored "numerous warnings" by this institution and the State Department.

PRENSA LATINA asked Fidel Castro to comment on this measure, and he said: "In any event, I must say it is correct. It should have been done previously, and then the incident would have been avoided."

"We have to think this through thoroughly to determine if there are good intentions, if it is serious, or if it is a scheme," Fidel Castro observed in a measured and cheerful tone after he presided over the event to celebrate the 37th anniversary of the Agrarian Reform law today.

The signing of this law on 17 May 1959 consecrated the independence of the Cuban nation, Fidel Castro stressed at this immense event held in this central Ciego de Avila province, approximately 400 km to the east of Havana.

Cuba: Alarcon Sees Possible U.S. 'Ploy' in Basulto Penalty

PA1905002196 Havana PRENSA LATINA in Spanish 2130 GMT 18 May 96

[By Javier Rodriguez]

[FBIS Translated Text] Havana, 18 May (PL) Ricardo Alarcon, president of the Cuban parliament, said today that the suspension by the United States of Jose Basulto's pilot's license might be a ploy, but it still shows that Cuba was right in the incident of 24 February.

This is what Alarcon said when commenting on the U.S. Federal Aviation Administration's decision to penalize the leader of the Brothers to the Rescue group, two of whose planes were downed by the Cuban Air Force on 24 February after repeatedly violating Cuban air space.

We must not be naive, Alarcon cautioned. The suspension could have been applied to somehow exert influence on the final ruling of the International Civil Aviation Administration, which will meet in June to make a decision after an investigation by a commission, Alarcon added.

The president of the National Assembly of the People's Government [ANPP] (parliament) summed up a meeting held with the directors of Havana's People's Councils, composed of representatives of electoral circuits and delegates from various administration organizations.

Analyzing the meeting, Alarcon noted the importance of complying with collective responsibilities and pointed out that the contributions that all citiziens must make to society are important.

Alarcon called for an ever increasing participation by all in debates on matters of public interest, such as the real exercise of democracy. He said this exercise of democracy is why the Cubans are able to resist and to maintain achieved goals and are now on the way to economic recovery.

Alarcon criticized the recently-approved Helms-Burton Law aimed at tightening the U.S. economic and commercial siege on Cuba. He noted tht "neither that nor 1,000 more such laws will be able to stop us if we continue to act based on our fundamental principles."

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The meeting was also pressided over by Esteban Lazo, first secretay of the Communist Party of Cuba in Havana; Conrado Martinez, president of the provincial government; and Jaime Crombet and Ernesto Suarez, vice president and secretary of the ANPP, respectively.

Cuba: 'Miami Mafia' Said Attempting To Cause Conflicts

PA1905191096 Havana PRENSA LATINA in Spanish 1555 GMT 16 May 96

[FBIS Translated Text] Havana, 16 May (PL) — The ultra-right, anti-Cuba sector in the United States is attempting to secure the Presidency for a Republican candidate and to satisfy its interests by pressuring William Clinton to intensify the policy against the island, the newspaper GRANMA charged today.

In a long article, the newspaper stated that with this objective, the so-called Miami (Florida) Mafia is attempting to cause conflicts with Havana. The counterrevolutionary group Brothers to the Rescue, for example, furthered actions of harassment, and the Cuban Air Force downed two of its planes when they violated Cuban airspace on 24 February. With this event, the article states, organizations such as the Cuban-American National Foundation (FNCA) have tried to create a climate that will "force the U.S. Government to have a direct clash with the Cuban Government, placing Clinton's reelection at stake."

Sectors linked to the FNCA, which Jorge Mas Canosa operates, believe that Miami is Sicily and "that Florida's votes are merchandise to be sold to whomever punishes Cuba the most." Thus, they are taking advantage of the Republican and Democratic Parties' urge for power to commit them to a strong, anti-Cuba policy, the article states.

Likewise, GRANMA states that there are frequent actions against the Havana Government that go unpunished by a U.S. Congress which is controlled by ultra-reactionary legislators and which is amid a dispute with the White House over the throne of unipolarity.

Richard Nuccio, presidential adviser on Cuban affairs, admitted shortly prior to his resignation that the Miami obstacle, in reference to the FNCA and its actions to counter any attempt to get closer to Cuba, is a damned legacy, an instrument of the Republican Party that has been in effect for decades.

The FNCA was founded in 1981, during the Ronald Reagan administration, and brings together people associated with the Fulgencio Batista regime, which was toppled in 1959, as well as the authors of the attack on a Cubana de Aviacion passenger plane 10 years ago, among others.

According to GRANMA, Nuccio has said "there is a means created to interpret each Democratic Party action as being in favor of (Fidel) Castro or against most of the Cuban people." The official was referring to the hostile actions furthered jointly by the FNCA and Cuban-born congressmen who reject any type of Washington-Havana relations except the big stick policy.

The organization headed by Mas Canosa was very active in obtaining approval of the Helms-Burton law, which sanctions countries, firms, or people who trade with Cuba, among other extraterritorial measures, and which the international community has censured.

According to the newspaper, the FNCA has its own clandestine, paramilitary force that uses the services of similar organizations, such as Alpha 66 and Comando L, among others.

These types of organizations have carried out eight infiltrations and six pirate attacks against Cuban territory from October 1990 to February 1996. During those actions, 25 terrorists, toting automatic weapons, explosives, and incendiary material, were arrested.

The objective of such actions was to disrupt public order and to promote chaos, and their authors publicly claimed responsibility for them, GRANMA stated.

Such confessions, the newspaper asserts in its conclusion, demonstrate "the coexistence of impunity for those who have violated U.S. and international laws and the disrespect for Cuba's sovereignty."

Cuba: Cuba Said To Want Dialogue, Not Monologue With EU

PA1705201396 Havana PRENSA LATINA in Spanish 1331 GMT 16 May 96

[By Javier Rodriguez]

[FBIS Translated Text] Havana, 16 May (PL) — Cuban Foreign Minister Roberto Robaina said today that Cuba wants a dialogue and not a monologue with the EU, and added that he believes that political and ideological differences should never hinder bilateral relations.

In an interview granted to PRENSA LATINA in this capital, Robaina analyzed current relations between Cuba and Europe, the negotiations of a cooperation agreement between the two parties and the aspects of the Helms-Burton law that affect them.

Robaina explained that his country has these relations in high esteem, as well as the European determination to maintain normal ties with Cuba and its upright position

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against the Torricelli and the Helms-Burton laws, in contrast with the U.S. policy of harassment toward Cuba.

He stressed that we are willing to maintain a dialogue on topics related to the respective political and ideological criteria in order to reach agreements for a better understanding, with respect for each other's rights and acknowledging the interests of each party

Answering another question, Robaina pointed out that his country is participating with great interest in the process to negotiate a cooperation agreement with the EU, has an open mind regarding the timetable and anticipates a favorable conclusion.

However, he stopped to recall what he considers to be the special nature of this future agreement, for which "we do not have a timetable, nor have we set or announced one. We do not view this agreement with propaganda or electoral intentions because we have always said that this dialogue would be long and difficult."

According to the minister, Cuba believes this understanding should be very different from the ones signed by the EU with other Latin American countries, given the special circumstances of Cuba's current society.

He indicated that Cuba neither lacks an economic infrastructure, a health or education system, nor does it need to conduct literacy campaigns, protect Indian reserves or build rural towns for its peasants.

He added that because of the very development of this national economic infrastructure, the superior quality and efficiency of the local health and education systems, "even higher than those of some EU members," the requirements for this agreement would be much more timely, technical, superior and complex.

Robaina recalled that some capitalist countries took years to achieve an agreement with the EU, and among the socialist countries, Vietnam took four years to make one official.

"Despite all our good and brotherly relations, in many cases Cuba holds an ideology that contrasts sharply with that of various European governments, and furthermore, it is a country facing a blockade, imposed by the world's strongest power, as well as the consequences of that blockade," he pointed out.

Addressing a different issue, the foreign minister wondered why Cuba is expected to reach an agreement with Europe in just a few months, "why are hasty visits to Havana being made, and why are we required to yield a sovereignty that Europe is also unwilling to yield."

Robaina said Cuba wants a respectful, effective, and lasting rapprochement between the two parties and added he hopes current negotiations will conclude in a fruitful and adequate manner.

As for European positions toward the Helms-Burton law, which aims to intensify the blockade against Cuba, he said that the same joy felt by the oldest continent toward the chapters that establish the law's extraterritoriality is felt by the Cubans toward its entire text. [sentence as received]

It legislates, from another country, on things that only pertain to the Cubans, and it is inadmissible for Europe to apply on others what it rejected for itself, because it would mean applying an unfair law or a double standard," Robaina pointed out.

He said that if Europe rejects conditions on its political and economic relations with the world and views this as a sovereignty issue, there is no reason why Cuba should accept them.

The foreign minister noted that if the United States had acted with the same respect for international law, and with the ethics and responsibility that Europe applied to the nationalized properties on the island, at present no one would be manipulating this issue politically.

Cuba: Ambassador to Moscow on Russian FM's Visit

PA1705232696 Havana Radio Havana Cuba in Spanish 0000 GMT 16 May 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Cuban ambassador to Moscow Carlos Palmarola has said that Russian Foreign Affairs Minister Yevgeniy Primakov's coming visit to Cuba will show the world that the relations between the two countries are good and will keep improving.

Palmarola said that Primakov's visit becomes especially significant now that the United States attempts to limit Cuba's relations with other countries through the Helms-Burton law, which tightens the economic embargo against the island.

The Russian Foreign Affairs Ministry has again and again expressed opposition to the U.S. legislation and support for the economic opening process in Cuba, where the former Soviet Republic has made important investments.

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Cuba: Spokesman on Immigration, Primakov Visit

PA1905215996 Havana Radio Havana Cuba in Spanish 0000 GMT 17 May 96

[Report by Barbara Betancourt; from the "Evening Information Review" newscast]

[FBIS Translated Text] A high-level delegation from Jamaica, led by Mr. (Ben Claire), secretary of state for foreign affairs, stayed in Havana until Thursday. The purpose of this visit was to discuss with Cuban authorities immigration affairs of mutual interest.

Cuban Foreign Ministry Spokesman Miguel Alfonso made the aforementioned remarks to the press, in his current weekly briefing [preceding word in English].

[Begin Alfonso recording] And that delegation is at this time holding talks with their Cuban counterparts at the Foreign Ministry office on immigration matters, as a result of the illegal emigration of some Cubans to Jamaica.

We are trying to solve that problem based on mutual solutions reached with other countries under similar circumstances in the Caribbean area. [end recording]

Alfonso alluded to the immigration agreements Cuba has signed with the United States, as well as the Bahamas and Cayman Islands. These agreements established the repatriation of Cuban emigrants who arrive illegally on the shores of those countries.

In the meantime, Alfonso also anounced the upcoming arrival in Havana of a high-level Ukrainian delegation led by the chief administration official of the Presidency of that former Soviet republic.

[Begin Alfonso recording] He will come on 23 May and will stay with us for practically one week, until 29 May. This visit, of course, must be viewed within the framework of relations not only with central and eastern European countries, but specifically with states that in the past comprised the former Soviet Union. [end recording]

Alfonso made a similar assessment on the visit that Russian Foreign Affairs Minister Yevgeniy Primakov will begin on 21 May in Cuba. Primakov is expected to hold several interviews with political and government leaders from the island.

[Begin Alfonso recording] Last minute details on a series of activities are still being arranged. He will not be here for very long. As you know, he will arrive on 21 May and will leave on 23 May. There are a great deal of activities, interviews Primakov will have in Havana. You know Primakov is no rookie on Cuban affairs. He is a person who, as a result of his previous appointment, has been in Cuba, even recently. He has also visited other nations. But he was in Cuba.

I still don't have all the final details of his stay in Cuba. But I believe it is easy to understand that, as I said before, this has to do with the normalization that is taking place, under new conditions of course, of the relations between Cuba and central and eastern European countries. This takes place following a recent change — as you must have perceived — of position on the part of the Russian Federation on the anti-Cuban U.S.-sponsored human rights initiative in Geneva.

For the first time this year, the Russian delegation, instead of going along with the anti-Cuban initiative with its vote, abstained from voting. This is an interesting element that should be pointed out within this context I just described. [end recording]

These were statements by the Cuban Foreign Ministry spokesman Miguel Alfonso, in his Thursday meeting with local and foreign reporters.

Cuba: Correction to Yuri Gagarin Military Enterprise

PA1705134096 Havana Radio Rebelde Network in Spanish 1700 GMT 14 May 96

[Corrected version of PA1605025196; explanatory notation explains difference from initial FBIS version; from the "National Radio News" newscast]

[FBIS Translated Text] The Yuri Gagarin Military Industrial Enterprise will increase its volume of production and services for the national economy this year. This entity of the Revolutionary Armed Forces [FAR] is projecting an increase of 15 percent in its production for the national economy in 1996, or twice this year's general production growth.

Since its creation, the Yuri Gagarin Enterprise has provided equipment and aviation repair services to the FAR and civilian organizations. Now, it will expand its ties with the national economy and, although the main focus is still aeronautics, it has also begun to produce equipment and tools for hotels, as well as take part in the repair of medical equipment.

These results are the outcome of a number of organizational measures introduced in the Armed Forces's enterprises, as well as other factors, according to Engineer Lieutenant Colonel [changing "General" to "Colonel" per monitor recheck] Boris Lopez, the enterprise's director.

[Begin Lopez recording] The main accomplishment of this enterprise, in the 30 years since its creation, is to have put together a workforce that basically works

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together. It is now capable of adjusting to events and tackling tasks in a sector with which we were familiar. As a result of the technological training and technological and labor discipline, the workers are so flexible they are able to produce for other sectors of the economy. [end recording]

The Yuri Gagarin Enterprise closed 1995 with a profit, and in the first quarter of 1996 it has attained higher profits than projected.

Dominican Republic

Dominican Republic: Electoral Board Election Bulletin 10

PA1705164296 Santo Domingo Dominican Central Electoral Board Election Bulletin No. 10 in Spanish 1030 GMT 17 May 96

[Received via Internet]

[FBIS Translated Text]

Central Electoral Board [Junta Central Electoral]

General Elections for 16 May 1996

Presidential Vote

National Electoral Bulletin No. 10.

0730 AM [1030 GMT]

Total Electoral Districts	Total Registered Voters
9,946	3,750,502
Electoral Districts Tallied	Valid Votes [votos validos]
4,663	1,325,248
46.88 percent	98.34 percent
	S.Emit. [expansion unknown]
Remaining Electoral Districts	Void Votes [votos nulos]
5,283	21,068
53.12 percent	1.56 percent
	S.Emit.
	Observed Votes [votos observados]
	1,300
	.10 percent
	S.Emit.
	Votes Cast [votos emitidos]
	1,347,616

Total Electoral Districts	Total Registered Voters
	35.93 percent
	S.Insc. [expansion unknown]

Political Parties	Acronyms	Valid Votes	Percentage of Valid Votes
Social Christian Reformist Party	PRSC	247,800	18.70
Dominican Revolutionary Party	PRD	544,686	41.10
Dominican Liberation Party	PLD	461,367	34.81
Independent Revolutionary Party	PRI	12,390	0.93
Democratic Unity	UD	35,762	2.70
Popular Christian Party	PPC	3,219	.24
Quisqueyan Democratic Party	PQD	5,058	.38
Institutional Social Democratic Bloc	BIS	9,052	.68
Institutional Democratic Party	PDI	623	.05
Civilian Veterans National Party	PNVC	1,633	.12
Democratic Accord	CD	2,104	.16
Dominican Social Alliance	ASD	1,554	.12
By Alliance			
Social Reformist Party and Allies	PRSC	247,800	18.70

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Political Parties	Acronyms	Valid Votes	Percentage of Valid Votes
Dominican Revolutionary Party and Allies	PRD	614,527	46.37
Dominican Liberation Party	PLD	461,367	34.81
Dominican Social Alliance	ASD	1,554	.12 Preliminary Count

Dominican Republic: Electoral Board Election Bulletin 13

PA1705164696 Santo Domingo Dominican Central Electoral Board Election Bulletin No. 13 in Spanish 1400 GMT 17 May 96

[Received via Internet]

[FBIS Translated Text]

Central Electoral Board Bulletin No. 13

1100 [1400 GMT]

Total Registered Voters: 3,750,502

Total Electoral Districts: 9,946

Total Districts Counted — Representing - percent

[total colegios escrutados — representan el - percent]

Jacinto Peynado	PRSC y Aliados [Social Reformist Party and Allies	284,953	17.95 percent
Jose Francisco Pena Gomez	PRD y Aliados [Dominican Revolutionary Party and Allies	729,958	46.06
Leonel Fernandez	PLD [Dominican Liberation Party	567,909	35.34
Rafael Abinader	ASD [Dominican Social Alliance	1,940	.12

Dominican Republic: Pena Gomez Claims Victory in Election

PA1705162996 Paris AFP in Spanish 1453 GMT 17 May 96

[FBIS Translated Text] Santo Domingo, 17 May (AFP) — Social democratic candidate Jose Francisco Pena Gomez, 59, today seems to be the "virtual president" of the Dominican Republic with 12 points ahead of his closest contender, Leonel Fernandez from the center wing.

At a news conference Pena held at the headquarters of his Dominican Revolutionary Party (PRD), he pointed to "his number of votes, which no one has ever obtained in this country." He even used the English expression "landslide" (overwhelming victory) to define his victory in yesterday's first round of elections.

According to the latest official bulletin on the results of 52.6 percent of the tables counted, Pena has garnered 46.19 percent of the votes, as opposed to the 35.48 percent garnered by Fernandez and the 18.21 percent garnered by conservative candidate Jacinto Peynado. If any of the three candidates fails to garner more than 50 percent of the votes, a runoff election will be held on 30 June.

Commenting on the results made public so far, Pena said the tables in Santo Domingo, a PRD bastion, have yet to be counted. He made a long list of the provinces where his party had won, including certain provinces that have traditionally voted for other political organizations. Likewise, the social democratic candidate stressed the "veracity" of his party's forecasts, which predicted Pena would garner between 48 and 50 percent of the votes, as opposed to those of Fernandez' Dominican Liberation Party (PLD), "which has predicted its electoral victory."

As for the votes Fernandez garnered, Pena maintained that "he benefited from the votes loaned" by the Social Christian Reformist Party (PRSC), which "instructed" its city members to vote for the PLD despite formally supporting Peynado. The PRD candidate ruled out the possibility, however, that "all" PRSC votes will go to the PLD in the runoff elections, adding that "Leonel (Fernandez) would have to be Mandrake the Magician in order to pull this off."

The winner of this election will have to take over the Presidency on 16 August for a four-year term, thus replacing the 88-year-old president, Joaquin Balaguer.

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Dominican Republic: Pena Gomez on Balaguer Not Voting

PA1705170096 Paris AFP in Spanish 1510 GMT 17 May 96

[FBIS Translated Text] Santo Domingo, 17 May (AFP) — Elderly Dominican President Joaquin Balaguer refrained from voting yesterday, "because he believes in miracles," social democrat candidate Francisco Pena Gomez, who leads the election with 46 percent of the partial results, said in jest today. "Balaguer is waiting to see if anything happens because he believes in miracles," Pena Gomez told the press.

The Social Democrat candidate also said "it is strange for someone who has called for voting Dominican style not to vote himself." Pena Gomez alluded to Balaguer's speech on 12 May, during the last meeting held by Jacinto Peynado, the current vice president and candidate of the ruling Christian Social Reformist Party (PRSC). At the time, Balaguer refrained from asking people to vote for Peynado and only urged his followers to "vote Dominican style."

Balaguer, 88 years old and who has governed the Dominican Republic for seven terms, was excluded from this election as the result of an agreement that cut his term from four to two years and eliminated consecutive reelection, due to the numerous reports of fraud in the 1994 election.

Pena Gomez, Peynado, who has accumulated 18 percent of the vote so far, and centrist Leonel Fernandez, who has received 35 percent of the vote, competed in the election held 16 May. Should none of the three receive more than 50 percent of the valid votes, a runoff election must be held on 30 June.

Dominican Republic: Results Say 30 June Runoff Election

PA1705181096 Madrid EFE in Spanish 1536 GMT 17 May 96

[By Alfonso de Contreras]

[FBIS Translated Text] Santo Domingo, 17 May (EFE) — Dominicans will have to vote in the 30 June runoff presidential election, according to the results of yesterday's election, which show that Jose Francisco Pena Gomez is winning by a relative majority. Pena, leader of the Dominican Revolutionary Party (PRD), today claimed to be the winner of the first round of elections, which he described as "exemplary" despite "minor irregularities."

Even though he refuses to admit there will be runoff elections until obtaining the final results, all observers have affirmed that it will be very difficult for Pena to garner slightly more than 46 percent of the votes, judging by the preliminary results, in which more than 50 percent of the votes cast have already been counted. He needs 50 percent of the votes plus one to win the first round.

Leonel Fernandez, of the Dominican Liberation Party (PLD), will be Pena's only contender, because the former garnered more than 35 percent of the votes cast, according to provisional official results.

President Joaquin Balaguer's ruling Social Christian Reformist Party (PRSC) has sustained an electoral defeat, as it nominated current Vice President Jacinto Peynado, who has garnered less than 18 percent of the votes cast.

Most local and foreign political and electoral observers have said democracy, Dominican voters, and the Central Electoral Board have been the irrefutable winners regardless of the uncertainty this new campaign stage may trigger. Only a month ago, no independent observer dared to affirm, with no reservations whatsoever, that the presidential election was going to be held on 16 May and that there would not be any traditional outcome even if they were held that day.

OAS Secretary General Cesar Gaviria and even local observers have termed the 16 May election as valid, reliable, and representative of the will of the people.

This election was held two years in advance as a result of the crisis that erupted in 1994 in the aftermath of the general election in which incumbent President Joaquin Balaguer was the official winner. Foreign observers have described these elections as "irregular," and the opposition has termed them a "monstrous fraud."

Balaguer, who is 88 and blind, had to accept a "Pact for Democracy" and a constitutional reform preventing him from running for president again and shortening his four-year term to a two-year term.

Dominicans, who are used to interpreting the old caudillo's gestures, metaphors, and poetic and historic references, are discussing the meaning and political consequences of Balaguer's refusal to vote yesterday, walking past his electoral college to go to a park, and failing to support his party's own candidate. For some, it means Balaguer still believes that this election was unnecessary and that he was elected until 1998, even though the 1994 crisis forced him to retire in advance. For others, it means Balaguer, as chief of state, intends to be impartial. Still others believe the PRSC founder wants to clearly state that his party has no more leaders, that "reformism," Balaguer, and "a Balaguer system" [balaguerismo] are the same thing, and that he does not accept an internal replacement beyond 16 August, when

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the Constitution forces him to leave power. In addition, the most suspicious people believe Balaguer wants to win a "third round of elections" by first prompting a strong confrontation between the two largest opposition parties and then by presenting himself as a mediator in a likely, new political crisis.

Most Dominicans are making conjectures today about the impact another 45 days of campaigning will have on the domestic economy. Political uncertainty has kept the country immersed in a political crisis since 1994. The free exchange rate has gone from 12.28 pesos to 14.30 pesos to the dollar in two years.

Dominican Republic: Gomez Considers Self 'Virtual President'

LD1705210696 Madrid RNE International in Spanish 2000 GMT 17 May 96

[FBIS Translated Excerpt] In the Dominican Republic, everything suggests a second round of the presidential elections held yesterday will be necessary on 30 June, since neither of the two main candidates has achieved an absolute majority, although according to the latest provisional results the socialist, Jose Francisco Pena Gomez, has obtained over 46 percent of the vote. Our special correspondent, Juan Luis Diaz Platz reports from Santo Domingo:

[Diaz Platz] The social democratic candidate, Jose Francisco Pena Gomez, announced that his victory in the presidential elections held yesterday in the Dominican Republic was insufficient, and implicitly accepted that he will have to go to a second, definitive round, which of course he expected to win:

[Begin Gomez recording] This confirms a resounding victory for the Santo Domingo Accord, whether or not we cross the 50 percent threshold. I have said all along that our share of the vote in these elections will be somewhere between 48 and 51 percent, and that with such a share of the vote I could consider myself the virtual president of the republic. [end recording] [passage omitted]

Dominican Republic: Runoff May Increase Tensions

PA1805014296 Madrid EFE in Spanish 2252 GMT 17 May 96

[FBIS Translated Text] Santo Domingo, 17 May (EFE) — Former Colombian President Belisario Betancur today said that the runoff election in the Dominican Republic will be "a tough row to hoe because tensions may increase given that only two candidates will participate" in the 30 June runoff election.

Betancur, who spoke at a news conference on behalf of the Carter Foundation and the Washington-based National Democratic Institute for Latin American Affairs, said that as result of the above, both organizations will leave a permanent office open in Santo Domingo until the runoff election is held.

He added that this decision has been reported to political parties and the Central Electoral Board [JCE].

However, he praised Dominican voters and the JCE for their participation in the elections held yesterday, Thursday.

After 78.45 percent of the votes cast have been counted, the Dominican Revolutionary Party, of social democratic leaning, with its candidate Jose Francisco Pena Gomez, has 45.62 percent of the vote.

The Dominican Liberation Party, with its candidate Leonel Fernandez, has 37.97 percent of the vote.

In order to win in the first election, a candidate must garner 50 percent of the votes plus one; otherwise, a runoff election must be held and the candidate who obtains the simple majority will be the winner.

Jacinto Peynado, candidate for the progovernment Christian Socialist Reformist Party, who at this point has 16.28 percent of the vote, acknowledged his defeat, but stated he will not endorse Pena Gomez or Fernandez.

Betancur lauded the Dominican voting system, which establishes different schedules for men and women and considered it an export product of the Dominican Republic.

He added some "fine-tuning" recommendations, which he termed minor details, will be made to the JCE.

Betancur commended the participation of the Network of Observers of Citizens Participation, which he called a strong instrument for the defense of democracy.

Dominican Republic: Ruling Party Candidate Concedes Defeat

PA1805050196 Havana PRENSA LATINA in Spanish 0030 GMT 18 May 96

[FBIS Translated Excerpt] Santo Domingo, 17 May (PL) — Jacinto Peynado, a candidate of the ruling party in Thursday's elections, today conceded defeat to Jose Francisco Pena Gomez and Leonel Fernandez, the contenders for the 30 June runoff presidential elections.

In statements to the press, Peynado of the Christian Social Reformist Party, deplored being left behind in third place (with the more than 70 percent of the total

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votes that have been counted), preventing him from participating in the runoff elections in 45 days.

Peynado, a wealthy businessman, denied any possible alliance with any of his rivals for that date, a merger that, according to analysts, could occur with the Dominican Liberation Party (PLD) of Fernandez, a lawyer. [passage omitted]

Despite Peynado's refusal to join any of the parties that are still competing, observers predict the elections will unite "PLD members and reformists" against Pena Gomez because of historic differences between those political fronts and the past history of similar strategies.

During his campaign, Peynado had to brave the lack of support from Joaquin Balaguer, his fellow party member and current president of the country, who would have preferred former Foreign Minister Carlos Morales Troncoso to be the candidate. [passage omitted]

Dominican Republic: Runoff Elections Confirmed for 30 June

PA1805[illegible]0396 Paris AFP in Spanish 1351 GMT 18 May 96

[FBIS Translated Excerpt] Santo Domingo, 18 May (AFP) — Following the count of the votes cast during the first round of elections, the Central Electoral Board (JCE) has confirmed the holding of runoff elections on 30 June to elect a new president and vice president.

According to JCE results, after having counted 98.38 percent of valid votes, social democrat Jose Francisco Pena Gomez garnered 45.84 percent of the votes (1,270,544), centrist Leonel Fernandez 38.85 percent of the votes (1,076,872), and conservative Jacinto Peynado 15.41 percent of the votes (420,569).

Local and foreign observers will supervise the runoff elections in which Pena and Fernandez will run. The U.S. Carter Center, which will leave an office open in Santo Domingo until the elections end, will be among the observers.

The first round of elections was held on 16 May under the supervision of 1,246 observers who claimed to be pleased with the election's honesty and effectiveness in contrast to the country's traditionally traumatic elections. [passage omitted]

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Mexico: Canada, Mexico, U.S. Reassert New Job Objective

PA1805171096 Mexico City NOTIMEX in Spanish 2047 GMT 15 May 96

[FBIS Translated Text] Mexico City, 15 May (NOTIMEX) — Mexico, Canada, and the United States today reasserted that their common labor objective is to create new job opportunities and to improve labor conditions and the quality of life in their three countries.

The labor secretaries of Mexico, Javier Bonilla, the United States, Robert Reich, and Canada, Alfonso Gagliano, noted the need to maintain tight cooperation in labor matters and to increase economic relations between their countries.

At the third meeting of the Ministerial Council of the Commission for Labor Cooperation, the U.S. labor secretary said the three countries can and should cooperate in studying labor matters.

The Mexican secretary said they will be able to face the challenges of the future if they comply with the labor laws and cooperate with workers and businessmen to increase productivity and achieve better working conditions.

Gagliano added that the council's meetings give them the opportunity to share information and benefit from the points of view of their colleagues in the two other countries.

In a joint communique issued after the first day of the meeting, the three labor ministers talked about productive labor centers, training needs for the future, and Mexico's initiative to establish a new work ethic.

Bonilla said that open dialogue is among the factors of production that give value to human labor and encourage a favorable climate for new jobs. He added that the Alliance for Economic Recovery unites the efforts of the productive sectors with means to promote the generation of jobs, wage improvements for workers, and sustained growth of productivity and competitiveness.

The three ministers also discussed the development of the two ministerial consultations on the principle of free association and the right to organize of the workers in Mexico and the United States.

They agreed that their consultations have served to further the compliance and to effectively implement labor laws in each country, which is one of the main objectives of ACLAN [expansion unknown].

At the meeting, the ministers approved the 1995 Annual Report of the Commission for Labor Cooperation and the Trilateral Cooperation Program, which includes seminars, workshops, and conferences on several labor issues.

The council also approved the 1995 Cooperation Program, which stipulates that the three countries should exchange labor information in the areas of training, labor laws, equity in labor centers, work for minors, security, and hygiene.

The secretariat's 1996 work program includes comparative studies on labor issues in Mexico, the United States, and Canada that are to be published during the third trimester of the current year.

According to the joint communique, the Ministerial Council of the Commission for Labor Cooperation will hold its next meeting in the United States in 1997.

Mexico: Canadian PM Cited on Helms-Burton Law, NAFTA

PA1805162496 Mexico City NOTIMEX in Spanish 2212 GMT 15 May 96

[By Alejandra Viveros]

[FBIS Translated Text] Ottawa, 15 May (NOTIMEX) — Canadian Prime Minister Jean Chretien today expressed his satisfaction with an alliance between his country and Mexico against the Helms-Burton law, which intensifies the U.S. embargo against Cuba by applying sanctions to foreigners who invest on the island.

In statements to NOTIMEX, Chretien said the alliance between Canada and Mexico "is a fact...the pressure is, fortunately, on the United States now."

The prime minister made these statements following his meeting with Mexican legislators participating in the 10th Canadian-Mexican Interparliamentarian Meeting being held in Ottawa.

"Canada and Mexico already have protested, and I have visited the Caribbean seeking support against the law from all the Caribbean leaders and German Foreign Minister Klaus Kinkel," Chretien added during a brief interview in Parliament.

In an unprecedented alliance, Canada and Mexico began a number of consultations to oppose the U.S. law and to prevent a violation of NAFTA, which they implemented with the United States in 1994.

In April, Washington intensified its 30-year-old embargo against Cuba by proclaiming the Helms-Burton law, which, among other measures, foresees sanctions against individuals and companies "trafficking" in assets confiscated on that island.

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Canadian Government sources that attended the 45-minute meeting with Mexican legislators told NOTIMEX that Chretien stressed the importance "of maintaining pressure on the United States, because Canada and Mexico trade with Cuba." He added that Canada and Mexico should cooperate jointly with other countries, such as the Central American countries, the leaders of which will visit Ottawa, and the European Union, to oppose the law because of its "extraterritorial nature."

The group of five Mexican legislators, representing every party in the Mexican Congress, expressed in the name of their delegation the importance of working together to defend the interest of the two countries in Cuba, sources said.

Mexican diplomatic sources anticipated the need to achieve a joint condemnation of the U.S. law by the two legislative bodies during the two-day, interparliamentarian meeting beginning in Ottawa this Tuesday.

In his meeting with the Mexican legislators, which Canadian congressmen and officials also attended, Chretien stressed the importance of NAFTA and the bilateral, interparliamentarian meetings.

"NAFTA is the centerpiece of our valuable relationship and the key to its continuing growth," the prime minister said, according to Canadian sources.

Chretien said bilateral trade continued to grow in 1995 despite Mexico's financial crisis, increasing 17.5 percent which, according to official statistics, allowed $4.7 billion worth of trade.

At the conclusion of the meeting between Chretien and the Mexican visitors, which lasted 30 minutes longer than scheduled, the prime minister expressed his enthusiasm over these kinds of meetings with Mexico.

"Parliamentarians are of great importance in the decisionmaking of the two countries. We have much to discuss at a bureaucratic level; therefore, meetings and discussions between the officials that are elected create a good climate," Chretien said.

"In my long, political experience I have seen great benefits in these kinds of parliamentarian meetings, because they help us understand other people's viewpoints," said Chretien, leader of the world's seventh largest economy.

Canadian parliamentarians believe Canada should make its influence in the United States felt so the human rights of Mexicans living in the United States may be respected.

Following the opening of the 10th Mexican-Canadian Interparliamentarian Meeting, Osvaldo Nunez, deputy of the separatist Quebec bloc, said the two countries should join together in curbing the "enormous power and unilateral actions" of the United States.

Nunez, of Chilean origin, said there is still much to do to improve the Program for Temporary Agriculture Workers between Canada and Mexico even though the treatment given to Mexican workers in Canada is much better than the treatment they receive in the United States.

House of Commons Vice President Bob Kilger said this program, which allows 5,000 Mexican workers to work on Canadian farms, could serve as an example to the United States.

According to parliamentary sources, Mexican legislators want to gain the support of their Canadian counterparts to double the number of workers that program allows. Canadian Government sources have said an eventual expansion of the program will depend on the market's demand for labor, because Canada has an unemployment rate of less than 9 percent.

In addition to the migration issue, legislators of the two countries will discuss drug trafficking, NAFTA, the environment, and labor issues.

According to specialists, the issue that will receive the most emphasis during the interparlamentiarian meeting will be that regarding joint opposition against the Helms-Burton law.

"We will discuss the discrepancies Canada and Mexico have expressed to the United States regarding the Helms-Burton law," Mexican Senate President Fernando Ortiz Arana said during the opening of the interparliamentarian meeting. "Relations with Canada play a strategic role for Mexico regarding the defense of peace, international law, and sovereignty," Ortiz Arana said.

Mexico: Canada, Senators Reject Helms-Burton Law on Cuba

PA1805191596 Mexico City XEW Television Network in Spanish 0300 GMT 16 May 96

[Report by Juan Gil from the "24 Hours" newscast — passages within quotation marks are recorded]

[FBIS Translated Text] In Ottawa, the Canadian prime minister and Mexican and Canadian parliamentarians have expressed their total rejection of the U.S. Helms-Burton law, which plans to punish businesses and governments that trade with Cuba.

[Reporter Juan Gil] The Mexican delegation attending the 10th interparliamentary meeting with Canada has met with Canadian Prime Minister Jean Chretien and

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has voiced its position on the Helms-Burton law, which the U.S. Government has passed:

[Chretien, in English fading into Spanish translation] "The alliance between Canada and Mexico against the Helms-Burton law is a fact. The Mexicans and we have already criticized it, while in the Caribbean I have gained the support of the Caribbean leaders and the German foreign minister."

[Gil] Fernando Ortiz Arana, president of the Mexican Senate's Grand Commission, had the following to say on the issue:

[Ortiz] "We also agree with the members of parliament from the two countries who reject the so-called Helms-Burton law, because we believe it intensifies the embargo on Cuba and is intended to be implemented outside the United States."

[Gil] National Action Party Senator Gabriel Jimenez, the coordinator of the Senate group, also has stated his satisfaction over Chretien's position on the Helms-Burton law.

[Jimenez] "I find Chretien's words very encouraging, because we agree on the rejection of the Helms-Burton law, which in a way distorts the free trade agreement we have signed with Canada and the United States."

[Gil] The Party of the Democratic Revolution [PRD] also has commented on this issue:

[PRD Senator Hector Sanchez] "We have agreed with the Canadian Parliament and government by also rejecting the Helms-Burton law."

[Gil] The first day of the 10th interparliamentary meeting between Mexico and Canada began by reaffirming where the two countries agree, more specifically, where they stand on the U.S. Helms-Burton law.

Mexico: Canada, Mexico Agree U.S. Not Loyal Within NAFTA

PA1805201796 Mexico City LA JORNADA in Spanish 17 May 96 p 1

[Report by Ismael Romero — received via Internet]

[FBIS Translated Text] Ottawa, Canada, 16 May — The Mexican and Canadian delegations attending the 10th interparliamentarian meeting have agreed that the United States has not been loyal to its two trading partners within the context of NAFTA; thus, they have agreed to create a subcommittee that will revise and propose solutions to the controversies each party has with the one they have dubbed the "great elephant."

Likewise, the two groups of legislators have agreed to promote, as soon as possible, the organization of trilateral parliamentarian meetings and have favored Chile's immediate entry into NAFTA.

The aforementioned issues were discussed during the second working day of the meetings when the issues dealing with commercial relations, the environment, labor agreements, and culture were revised. As for the latter issue, Amador Rodriguez Lozano, PRI [Institutional Revolutionary Party]] senator, has said the parties have agreed to sign an agreement similar to those of agricultural workers in an effort to substantially increase the number of Mexican scholarships for recipients studying in Canada.

Rodriguez himself has said this meeting has opened possibilities of more cooperation between the two nations and has laid the foundations to work together to resolve the problems stemming from the relations with the United States. In addition, "the ground was prepared so specific agreements on various bilateral issues will be signed when President Ernesto Zedillo visits this country on 10 June."

Cristobal Arias, PRD [Party of the Democratic Revolution] senator, has said that what was not achieved in Zacatecas during the previous Mexican-U.S. interparliamentarian meeting was achieved this time with the Canadians.

Jose Angel Conchello, PAN [National Action Party] senator, has presented the proposal of creating a subcommittee. The congressmen of the two countries have supported the proposal arguing that it was necessary to have permanent methods to resolve discriminatory trading practices.

During the meeting, Carlos Sales, president of the Mexican Senate Finance Commission, has said the implementation of these mechanisms will allow a prompt solution to unadvisable effects triggered by other countries' regulations opposing any free trade agreement.

On the Canadian side, Chamber of Commons member Glen McKinnon has affirmed that it was necessary to establish rules harmonizing the commercial relations among Mexico, the United States, and Canada to face what he has dubbed U.S. "peculiar trading practices." Meanwhile, Canadian Senator Raynell Andreychuk has said that the future of Canada and Mexico does not depend exclusively on NAFTA and that it must be only an instrument to allow freer trade.

PAN Senator Conchello has said Mexico has had "bitter" experiences as a result of the commercial relations with the United States, which has implemented unilateral measures, such as in the cases with cargo transportation, tomatoes, avocados, and others.

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Meanwhile, PRD Deputy Isabel Molina has proposed the revision of mechanisms to resolve controversies "so the United States will not do what it pleases."

When the NAFTA results on Mexican-Canadian relations were evaluated, legislators from the two sides agreed that Mexico has been the "big winner." Canadian Senator Pietro Rizzuto has suggested that the two countries must get organized to open new commercial fields, as an alternative to NAFTA, that will link them to the European Union through long-term association plans with the EU nations.

Later, the congressmen talked about the negative effects of the Helms-Burton law on the commercial relations among the three North American countries.

PRI Senator Fernando Solana has suggested that the two parties recommend that the Mexican and Canadian Governments enact laws preventing the implementation of extraterritorial measures. The two countries, he has said, are conducting businesses with Cuba, "against which the United States wants to toughen the embargo. It also wants to punish, through the Helms-Burton law, those nations that maintain commercial relations with the island." Solana has said they are not defending the Cuban Government, because Mexico and Canada are only protecting their commercial interests.

On other issues, Senator Celine Dervieux, the meeting's cochairman, has proposed that Canada strengthen its ways to ease further Mexican students' access to her country's universities, which are less expensive than but of the same quality as U.S. universities.

Her colleague, Jean-Louis Roux, has affirmed that trade must be promoted but that the cultural identities and sovereignties of Mexico and Canada must be closely watched to avoid adverse effects.

At the end of this second working day, Fernando Ortiz Arana, head of the Mexican delegation, pointed to the agreements and level of discussions between the two delegations. "There have been frank and open talks without any of the two delegations attempting to cover up or hide the problems our countries have," he added.

The conclusions of the meeting will be made public tomorrow (Friday, 17 May).

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Honduras

Honduras: Reina on Helms-Burton Law, Free Trade Zone, Trip

PA1905225196 Mexico City NOTIMEX in Spanish 2039 GMT 18 May 96

[FBIS Translated Text] Tegucigalpa, 18 May (NOTIMEX) — Honduran President Carlos Roberto Reina said today that the self-determination of nations should be respected, and he criticized the Helms-Burton law, which strengthens the blockade imposed by the United States on Cuba 30 years ago.

Upon his return from Canada, Reina added that the Honduran position regarding the Helms-Burton law is that "we should all respect the sovereignty of states," and that the blockade against the island is a quarrel between Cubans, which should be resolved internally. [sentence as received]

Honduras, Guatemala, and El Salvador are the only countries in Latin America that have not had diplomatic relations with Cuba since 1962, after the Cuban Government withdrew from the OAS and declared the Cuban Revolution a socialist revolution.

On another issue, President Reina said he was "satisfied with his trip to Canada, where he said there was a willingness by Canadian businessmen to invest in Central America and to give greater cooperation to the isthmus.

Central America hopes to coordinate a free trade zone with Mexico, and after some discussions, with Canada, President Reina said.

Reina announced that on Wednesday he will install the Ad Hoc Commission for the Transfer of the Police and that the commission will be headed by Archbishop of Tegucigalpa Oscar Andres Rodriguez. The police, currently under military power, will be transferred to civilian power.

Panama

Panama: Experts Discuss Panama Canal Transfer Issues

PA1705150296 Panama City TVN Television Network in Spanish 1630 GMT 12 May 96

["Dialogue" program with Jorge Eduardo Ritter, executive secretary of the Transition Commission for the Transfer of the Panama Canal; Alberto Aleman Zubieta, proposed Panama Canal administrator; and Juan Jose Amado III, honorary commissioner of the Standing Office of Alternatives to the Panama Canal, and program host Luz Maria Noli]

[FBIS Translated Excerpt] Thanks for accepting our invitation. Jorge Eduardo Ritter, we will begin with you. You are at the helm of an office tasked with drafting a bill that will enable Panamanians to manage the Panama Canal. Currently, in what stage is this bill? Can you give us any details?

[Ritter] On Tuesday, the consultations with the workers, the unions of the Panama Canal Commission, will conclude. Over the past seven weeks, we have been meeting continuously with them, as well as with the managers of the Panama Canal. These were the two consultations the president wanted to hold before submitting the bill to the cabinet council, which will be reviewed and submitted later to the Legislative Assembly. Hence, I would say we are in the final stage of this process and I believe that at the end of May, the bill will be ready to be submitted to the cabinet council. [passage omitted]

[Noli] We will receive the canal very soon. Despite the fact that 1999 is right around the corner, I believe that we are still in an idle position. It is as though we cannot get our act together to start moving toward this goal of receiving the canal. Am I being pessimistic?

[Ritter] In this case, I do not think you are being pessimistic: Panamanians are prone to procrastinate. We must clarify, however, that this has not been the case of the Transition Commission. In general, Panamanians do not realize or become fully involved in any matter until it is right around the corner. You are right when you say that three and a half years for a transition and a transfer of the sort that awaits us is not enough time. The Panamanians have not yet understood the magnitude of the task and the responsibility that lies ahead of us.

What I can tell you is that the persons who have been tasked with the transition have made substantial progress, although perhaps not in a perceptible way. I am not only referring to this commission but also to all the previous commissions; for instance, the commission headed by Joaquin Vallarino has done a remarkable job for five years. Our work is about adapting an old legislation or legislative structure to a new one and I do not believe this can be actually perceived. What will be noticed very soon is that as the events draw closer, we will experience the actual feeling and conviction that 1,300 days, this is how many days are left, are not enough to implement a transfer of this magnitude.

[Noli] Alberto Aleman Zubieta, I want to know what is your vision of the canal, the Panamanians, how this will work and what you will do to convince people that Panamanians are capable of managing the canal even if

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the manager and all the employees, almost 98 percent, are Panamanian? What do you have in mind?

[Aleman Zubieta] I would say that our vision is that Panama will manage the canal efficiently with a labor force that is already in place. At this moment, 90 percent of the labor force in place is already Panamanian. Over the past five years, we have had an excellent Panamanian administrator: Gilberto Guardia. It will be very difficult to find someone who can fit in his shoes. The transition period we are facing now is the most important part because we are laying the foundations of how the canal will be managed. I have no doubts that the Panamanians are capable of maintaining an efficient and secure canal for all of the world's nations, which are our users and clients. We have a responsibility with them. I agree with you that this is a major challenge for Panama. Panama is being scrutinized by the users and governments throughout the world with much concern and this is normal and favorable. We are a small country and the canal will go from the hands of a superpower to the hands of a Latin American, Central American country. [passage omitted]

[Noli] I believe your job will not be an easy one, because at one point, regardless of the efforts made, I believe some of the North Americans will leave the canal and even though the Panamanians have been involved in the canal's operation, they are not attuned to all the details. How will you overcome this circumstance?

[Aleman Zubieta] The canal is truly a wonder in the area of engineering. It is simple and complex at the same time. The canal is 81 years old; it was inaugurated in 1914. It will be 82 years old in August. A study has been conducted to assess the canal's current physical condition and maintenance needs. The canal requires a great deal of maintenance and Panamanians are certainly capable of managing the canal. As I mentioned before, 90 percent of the labor force currently managing and operating the canal are Panamanian. The important part about the canal is that the necessary investments of capital are being made to update and modernize its infrastructure. Many things need to be changed and will be changed.

We are already widening the Gaillard Cut and this work is scheduled to be finished by the year 2004 or 2005. This project will increase the canal's capacity and will guarantee canal users more security regarding the transit of vessels in two directions. Works are also under way to fix the locks. We are modernizing the canal every day regarding computer systems and traffic management. There is a substantial amount of engineering work being done to maintain the canal and make it, after the year 2000 and at the beginning of the 21st century, a more efficient, secure and modern canal. We cannot keep the canal the same way it was designed 82 years ago. The machinery requires investment and this is pivotal. Another key element is what will be stipulated via the canal's charter to enable the managers to make the necessary investments of capital to maintain it after the year 2000 and well into the 21st century. These investments are very crucial to guarantee the canal's efficiency. [passage omitted]

[Aleman Zubieta] It is very important and vital to maintain an efficient and modern canal and to assure the international community the canal will not cease to be efficient after Panama assumes its control. Our objective is that at the beginning of the 21st century, the canal will be even more efficient than now. What is happening with the canal is that the world is becoming smaller and new players such as China, India and Latin America are actively participating in the commercial arena. Therefore, the canal is increasingly being used. In light of this situation, the canal must be more up-to-date, modern and efficient by the 21st century. [passage omitted]

[Noli] Why are we considering building a third set of locks if this alternative was ruled out last time it was discussed?

[Amado] The final report drafted in 1993 concluded that the best alternative is a third set of locks. The second best alternative, but more in the long term, would be a sea level canal. What we are doing now is reviewing all the relevant information to confirm that a third set of locks is indeed the best alternative and then proceed with the corresponding works.

[Noli] Who will pay for this?

[Amado] Back in 1993, the study pointed out that this project, a third set of locks, could be financed with canal revenues. Personally, and I want to be quite clear about this, I do not fully agree with this theory. In the year 2000, the Republic of Panama will be responsible for managing the canal and will receive all the revenues generated by the canal. These revenues will help pay for operational, maintenance and management costs. Panama will be able to use whatever is left to promote its domestic development. If deemed appropriate, Panama will be able to assign these funds for health, education and infrastructure projects.

Having to mortgage these revenues in addition to any possible tolls increase to finance any expansion is not the most advantageous plan for Panama. In addition, someone will have to be the borrower if the work is going to be financed through a loan. This borrower might be called the Panama Canal

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Authority, Republic of Panama, but whatever the name, the country will be liable for this credit. This will entail a considerable amount, which will be a burden, a liability to the economy of a country that already has its own limitations. This could undermine Panama's access to credits for other domestic projects, including the country's social development. I am aware that this topic is worrisome in this regard. Additionally, I can assure you that if in the future, the volume of traffic decreases and revenues drop, Panama would still be responsible for the loan and would have to pay for it. This is a topic we want to delve more into at this point as well as explore plans and financial alternatives to carry out this work without reducing the country's credit capacity.

[Noli] How much are we talking about?

[Amado] In the case of a third set of locks, the 1993 report estimated an amount of approximately $7 billion. This is a respectable amount. [passage omitted]

[Noli] Amado, why, all of a sudden, are we including the EU in the studies on the canal alternatives?

[Amado] There are three key issues: 1) The EU members are leading users of the canal. 2) They have technological expertise to help us conclude the studies. 3) They have economic potential to participate in the future construction of the works. These three issues have greatly motivated the European countries to have the EU, the organization that unites the efforts of the European countries, participate with Panama and other countries in finishing these studies.

[Noli] I understand France's interest, because France has somewhat of a sentimental relation with Panama. The French were the visionaries; they created the canal. However, in the case of Germany, this country uses the canal, but there is no reason for it to have much interest in this, is there?

[Amado] This might be curious, but Germany, the Netherlands and Denmark are very interested in participating in the last stage of the studies. In addition to being users, they believe that they have the technological expertise to support Panama and the entire world to determine what will be the canal's future.

[Noli] If we know that one out of three persons in the world is Chinese, why don't we bring the Chinese in, too?

[Amado] We have tried to include a significant representation from Asia in the management of our relations. Because of our high-level and well-tuned ties with South Korea and Taiwan, we believe these are the states we should invite to participate in the final stage of the studies. This is the reason why we have opted for this Asian representation. As of now, I can tell you that the three leading continents of the world, financially speaking, will participate in this endeavor toward one single goal: improving the infrastructure of the Panama Canal. [passage omitted]

[Noli] Ritter, is there a possibility that the Panamanians will view the Panama Canal as a financial and not just as a sentimental asset?

[Ritter] For a long time, the canal was the center of our political confrontation and the center of our relations with the United States and much of its foreign policy revolved around the Panama Canal. Faced with the nearness of the canal's return, we must begin looking at the canal not as an object of confrontation, but as a source of economic welfare for the country. By saying this, I am not implying that the canal will resolve our financial problems and needs. Panama has an enormous responsibility to manage the canal efficiently and to plan, with enough time in advance, all the works to improve and modernize it. [passage omitted]

Panama: Public Spending Freeze Said Part of IMF Commitment

PA1705175196 Panama City EL PANAMA AMERICA in Spanish 16 May 96 p A-1

[Report by Arnulfo Barroso]

[FBIS Translated Text] The government admitted yesterday that freezing public spending is part of a commitment with IMF, that the spending of current and capital revenue stayed below the budget estimation for the first quarter by $226.4 million, and that expenses fell short by $293.6 million.

The information was disclosed at a meeting yesterday of the Legislative Assembly Budget Commission, when lawmaker Gerardo Gonzalez labeled fellow lawmaker Alberto Cigarruista an "idiotic demagogue," and Cigarruista retaliated by calling Gonzalez an "old bloodsucker."

In the session, which Comptroller General Aristides Romero, Acting Finance Minister Miguel Heras Castro, and Minister Guillermo Chapman attended, Chapman admitted that the government, on its own initiative, negotiated with the IMF a ceiling in the budget deficit of the public sector, which should not exceed $22 million as of 31 March.

Romero, responding to an assembly questionnaire, said "the current and capital revenue the central government received during the first quarter amounted to $488.6 million, or 68 percent out of a budgeted $715 million."

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Romero also said "only $500 million" of the $793.6 million estimated as expenditures for the January-March quarter were expended.

Romero underlined the expenditure of $109 million of the investment budget, which represents a "tremendous difference" compared to the amount executed in a similar period in 1995.

On the central government's revenue, Heras said that $492.9 million had been collected as of 30 April but that this amount fell short of the budget by $24.8 million.

Chapman said, however, the imbalance is actually $11 million, not $24.8 million as previously reported, because certain expenditures have been presented as carried out but the money has not been disbursed.

Chapman also said the disbursements from the World Bank and the Inter-American Development Bank are arriving as normal. He advised, however, that in the future the continuation of this normal flow will depend on the government's fiscal administration.

Chapman said that the government does not face a problem with liquidity but said that the government's dynamic investments program can explain the imbalance.

The lawmakers present at the session said "they smell a rat" in the government's fiscal measures, because, they said, there is no excuse to prioritize the expenses of the health sector, the budget of which is extremely low, with an imbalance of $24 million.

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Argentina

Argentina: Paraguay's Wasmosy Thanks Menem for Support

PY1705173396 Buenos Aires TELAM in Spanish 1348 GMT 17 May 96

[FBIS Translated Text] Buenos Aires, 17 May (TELAM) — Paraguayan President Juan Carlos Wasmosy today thanked his Argentine counterpart Carlos Menem for supporting democracy in Paraguay during the recent institutional crisis in the latter country.

The two presidents met this morning for a working breakfast at the Olivos presidential residence. During this meeting, Wasmosy thanked the Argentine people and government for their support during the institutional crisis unleashed by the retirement of former Army Commander General Lino Oviedo.

Government sources reported that Menem and Wasmosy also reviewed other Mercosur (Common Market of the South) issues during their breakfast in the dining room of the presidential residence.

On 16 May the Paraguayan president began a tour of his Mercosur counterparts to thank them for supporting Paraguay's democracy.

Wasmosy visited Brazilian President Fernando Enrique Cardoso on 16 May, and he is due to depart Argentina at 1100 today to meet with Uruguayan President Julio Maria Sanguinetti.

After meeting with his Paraguayan counterpart, President Menem went to the Jorge Newbery Metropolitan Airport and flew to La Rioja Province, where he will attend the 405th anniversary of the founding of the provincial capital.

Argentina: Bank Adopts Measures To Combat Money Laundering

PY1705173196 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2359 GMT 16 May 96

[FBIS Translated Excerpt] Buenos Aires, 16 May (NA) — In a move to combat money laundering, the Central Bank of the Argentine Republic [BCRA] ordered this evening that financial institutions report to it all banking transactions surpassing 200,000 pesos per month or 500,000 pesos per year.

This measure, which will come into force on 17 May, seeks to control money laundering and identify significant transactions made by persons or companies.

With this information, the BCRA will put together a database, to which Argentine and foreign public and judicial agencies will have access.

The banks have also been mandated to report the identity of those persons who issue or collect cheques for more than 50,000 pesos.

In addition, the BCRA also decided that banking establishments which operate with direct debit must reimburse their customers for the amount debited against their account if the latter so demand within 60 days of having received their bank statement. [passage omitted]

Argentina: Political Ramifications of Arms Crisis Seen

96SM0300A Buenos Aires CLARIN in Spanish 12 May 96

[Commentary by Eduardo van der Kooy: "Worse Than It Seems"; received via Internet]

[FBIS Translated Text] As the weeks go by and the administration is unable to find its bearings, it is gradually losing hope that the scandal over the arms sales to Ecuador is not going to leave it with deep political scars.

There will be scars here at home and probably overseas as well. The erosion of support that the episode is causing has roiled the waters in the administration, where two ministers seem to be under the magnifying glass of the others: Oscar Camilion and Guido Di Tella. They are usually identified as the ones who are not only directly implicated in the scandal but who also turned it into an arena for a long-standing, bitter feud between them, a feud that has wound up making the entire administration look bad.

There is a new starting point in the scandal, which has actually been around for 14 months, stoked daily by administration officials: the report of the military attache at the embassy in Ecuador, which related the serious accusations by the arms purchasers against Argentine officials and which was sent directly by the Foreign Ministry to five different judicial bodies. This evidence and the decision by the federal court to order investigations into the people on top, not into the lower levels of power, have begun to shake Camilion up.

Carlos Menem quickly became angry, as he realized the damage that an incident which is worse than it seems could cause outside the country: the administration's political mistakes are perversely combining once again with palace intrigues. Instead of spending a peaceful week touring Central America, the president had to make up a string of excuses to proclaim the administration's alleged innocence in the arms trafficking. Menem has never been given to making decisions in the midst of a storm, but perhaps as before he will try to make some minor adjustments as soon as it quiets down. The

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gestures he made this past week certainly looked a bit like wishful thinking. The president supported Camilion's position as strongly as he could and, from Central America, managed to bring under control the ruling party's deputies and senators, who had already decided to leave the defense minister in the lurch.

There is, however, an unsettled matter that the president has not forgotten. Two weeks ago, when the crisis was heating up again, he ordered almost half the cabinet to close ranks around Camilion. He placed the embattled minister in charge of the investigations and asked him to uncover the people responsible as soon as possible. There were no new developments, and the revelations in Ecuador about the arms trafficking intensified the scandal. The minister's time ran out, as he tried to develop a theory about the difference between political responsibility and crime in public office.

Once again it was Menem who had to manage the crisis at a distance. Circumstances so dictate, not only because Eduardo Bauza is no longer cabinet chief but also because the appointed senator from Mendoza was for a long time Camilion's genuine and perhaps sole backer. He was concerned not so much about the Defense Ministry's plans, to which the administration has never paid attention, as about Camilion's intellectual assistance during complicated times when accurate analysis often helps to correct a mistaken decision. The minister is in a quite different situation now. He knows, for example, that Menem's backing could be as short-lived as it is forthright, as the president is not given to retaining any official whom the mildest breeze threatens to topple.

There are other, readily identifiable weak flanks. During all this time Camilion has not put together a single serious alliance with power brokers. His enmity with Di Tella in the cabinet has always earned him the distrust of Domingo Cavallo. The economy minister is convinced, in spite of everything, that Camilion's sins in the arms sales may have to do with negligence, not deceit. He cannot seem to find any other sympathizers either. This time around the cabinet chief, Jorge Rodriguez, and Interior Minister Carlos Corach were the aides whom Menem relied on to prevent the crisis from getting out of hand, but they are not altogether convinced that this situation does not require drastic action. Nevertheless, each of them did his duty properly and on time.

What many assumed would happen when Bauza left began to happen under Corach. Besides poking about in the justice system, something that he does better than anyone, to halt the proposal to impeach Camilion, he succeeded in putting out the fires of rebellion that ruling-party lawmakers had hinted at. He made Jorge Matzkin back down when the head of the Peronist bloc suggested that the ministers ought to function more often as circuit breakers and in the Chamber of Deputies and the Senate he headed off an interpellation request that the UCR [Radical Civic Union] above all had been pushing for.

Rodriguez did his part too. He complied with Menem's requests from Central America to the letter and halted Erman Gonzalez' attack on Camilion with a telephone call. We can understand why the former minister finally reverted to his old ways. The more the matter is bandied about, the greater the danger that his own tenure in the Defense Ministry will wind up in disgrace.

Camilion did not find much solidarity in Congress either. He dodged an interpellation because of arm-twisting by the administration, not because ruling-party legislators were not interested. Most of them also have the impression that the scandal has gone much too far and that if it persists indefinitely it will only offer the opposition an opportunity to reap political dividends. They know that the UCR is guarding several secrets on which to impale the administration. Two of them seem more serious than the others.

There is evidence, for example, of a major irregularity in confidential decree 103, of 24 January 1995, which authorized the secret weapons sales. The interministerial commission made up of Defense, Foreign Affairs, and Economy had approved the shipment of weapons and ammunition but not of eighteen 150-millimeter guns with tools and accessories, which were included as contraband in that decree. It is not clear whether these guns ultimately found their way into Ecuador or whether this was actually an attempt to launder a previous shipment through Panama that wound up in Croatia.

There is another. Among all the confidential decrees that the administration disclosed in a bid to defuse the arms scandal, one has been perversely forgotten: the one involving the sale of the remains of the Condor missile, which presumably did not meet any legal requirements, such as the determinination of its price and final destination, among others.

The military front has not been an oasis for the defense minister either. Brigadier Juan Paulik's comment in February 1995 that the shipments may have gone to Ecuador has become Camilion's most vulnerable spot in the justice system's investigation. His decision to publicize his suspicion that army officials may be involved in the scandal also won him the disfavor of that branch and of General Martin Balza. Against such a backdrop, what had to happen in the administration carnival happened: several candidates poked their noses in, sensing an ultimate outcome that only Menem seems to know for sure. Former Minister Roberto Dromi, along

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with Balza, is unfurling the banner of the final reform of the Armed Forces. Senator Eduardo Menem has enticed our ambassador to Italy, Mariano Cavagna Martinez, more than once. And Raul Granillo Ocampo and Emilio Cardenas have always harbored a desire to snuggle up to the administration.

Yet the Defense Ministry does not seem to be the only place in the administration where the arms scandal has been a heavy millstone. The Foreign Ministry may also be forced to provide more explanations than it has so far. The report drafted by the Argentine Embassy in Quito, which mentioned direct arms negotiations between an Ecuadoran firm and Fabricaciones Militares that later broke down, could pave the way for a future lawsuit against the Argentine Government that would surely have international fallout. The obligatory question seems to be: How was the report secretly sent from the embassy, kept hidden in the army, and then forwarded directly to the court by the Foreign Ministry? The decision to order the investigation cannot be criticized in any way; what can be is the failure to take precautions against the political consequences that this move could have both inside and outside the country.

There has been more than enough experience in this regard. Our former ambassador to Peru (1990-1994), Julian Licastro, currently a presidential adviser, had warned about the lack of guarantees that usually characterized Argentina's presence on the arms market. His head now seems to be under a guillotine. While the ministers, and Menem himself, try to defuse the scandal politically, the former diplomat is spreading the blame among Camilion, Di Tella, Gonzalez, and even Bauza.

There is reportedly even more valuable testimony in this same regard from someone else. Jose Luis Fernandez Valoni, a retired military officer who at present is Cavallo's undersecretary of international relations, became ambassador to Ecuador in 1991 and was still in the post when the war of the Pacific against Peru broke out. The record shows that Fernandez Valoni several times told the Foreign Ministry that arms shipments were being diverted and even reportedly took a trip from Quito to look into the matter. He ran up against an enigmatic reply, however: "We don't talk about that," he was told at the Foreign Ministry.

The effects of such unscrupulousness would now seem evident. Argentina's ambassador to the OAS, Alicia Martinez Rios, has reported on the "uneasiness" that the arms shipments have caused there. From the beginning she wanted to bring about a political solution to the crisis and urged Camilion to take responsibility, but a call from Menem made her backtrack. The opposition and public opinion in Peru are putting pressure on the government, although Alberto Fujimori is still giving Argentina room to find a face-saving solution. In Ecuador, the presence of Argentine prosecutors trying to shed light on the scandal is upsetting the ruling party, which is in the midst of an election campaign. In Uruguay, the Broad Front has called on the government of Julio Maria Sanguinetti to intervene because Montevideo is apparently teeming with front companies for illicit activities such as arms trafficking or money laundering. At the last minute the Foreign Ministry succeeded in calming Venezuela's anger, which had been caused by Argentina's slowness to admit that the weapons were indeed in Ecuador. It even got something extra in the bargain. Caracas reportedly agreed to sponsor Argentina's annual claim about the Malvinas at the June meeting of the UN Decolonization Committee. There is a definite risk, however, that the representatives of the kelpers will propose, for the first time with Britain's consent, the formation of a new Leadership Council for the islands with powers that will bolster the principle of self-determination. If this were to happen, it would be too much for Di Tella.

Bolivia

Bolivia: Candia To Make Proposal on Money Laundering Laws

PY1705172996 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 17 May 96

[FBIS Translated Text] At the summit meeting of the finance ministers of the Americas to be held in New Orleans over the weekend, Bolivian Finance Minister Fernando Candia will propose that the Congress of the Western Hemisphere enact multilateral control measures to ensure the existence of complete and exact information about financial transactions made in each country of the region so as to curb financial crimes.

Candia traveled to the United States today to attend the New Orleans summit meeting, in which finance ministers will analyze financial crimes, especially those related to money laundering. Candia will put forward a proposal for incorporating mechanisms to harmonize laws pertaining to the crime of money laundering, the origin of which is generally attributed to drug trafficking. Those mechanisms the Bolivian finance minister will advance at the summit meeting would enable the countries of the Americas to be on an equal footing with each other and thus prevent some countries from having more lenient legislation to penalize money laundering than others.

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Bolivia: President Reports on, Seeks Support for Reforms

PY1705195096 Madrid EFE in Spanish 0054 GMT 11 May 96

[FBIS Translated Text] La Paz, 10 May (EFE) — Bolivian President Gonzalo Sanchez de Lozada today reported on the status of the reforms that his party, the Nationalist Revolutionary Movement (MNR), promised during its electoral campaign. The president complained about the lack of achievements, and accused the "counter-revolutionaries" of trying to scuttle the reforms.

Sanchez de Lozada insisted that the reforms of the education system, the economic structure, and the public administration are valid, and urged their further implementation during the remainder of 1996.

Sanchez de Lozada's deadlines to show his citizens some of the achievements of his administration are prompted by the approaching general elections in June 1997.

The president's hints about the "counter-revolutionaries" refer to the 1964 military coup that put an end to 12 years of MNR administrations.

Speaking to prefects, departmental secretaries, and MNR leaders, the president said: "If we were to hold a test on the implementation of the measures, I am sure that all the secretaries and undersecretaries would flunk it."

The meeting was part of the president's personal campaign to convince his supporters of the positive aspects of a law that will soon be approved: the Retirement Law.

Sanchez de Lozada's proposed solution to the crisis of the current pension system — prompted by the decline of the contributors-pensioners ratio in just one decade from 10:1 to 3:1 — is based on the Chilean model which created the Pension Funds Managing Companies.

The president also forecast the success of his plan to partially privatize [capitalize] state-owned companies, adding that the funds thus obtained will help create 150,000 new jobs.

The president underscored the success achieved by the Popular Participation and Administrative Decentralization programs in the effort to make rural communities part of the process of decisionmaking, but he harshly criticized the lack of progress of the educational system reform.

He blamed the sluggishness of this reform on the stubborn rejection of those who should be its main champions: the teachers and the universities, who have adopted a "politically defensive" attitude instead of doing what is better for the community.

The president said that the university system grew by 12 percent over the past 11 years, but the cost of their upkeep is not matched by the level of training the new graduates receive.

According to Sanchez de Lozada, out of 100 students who go to universities for the first time, only four return for the second year, and only two manage to graduate.

Bolivia: VP's Brother Involved in Donations 'Scam'

PY1705184396 Cochabamba LOS TIEMPOS in Spanish 10 May 96 pp A1-A2

[FBIS Translated Excerpt] La Paz, 9 May — A document to which LOS TIEMPOS had access on 9 May states that a congressional working group has found evidence that Franklin Cardenas Conde, the vice president's brother and executive director of the Peasant Development Fund [FDC], is involved, together with several other high-ranking FDC executives and officials, in a "multi-million scam" involving more than $5 million.

ADN [Nationalist Democratic Action] Deputy Fernando Kieffer Guzman admitted on 9 May that he has chaired a congressional working group that for several months has been investigating "shady deals" at the FDC, involving fertilizers donated by the Japanese Government. These fertilizers are being sold by companies linked to Franklin Cardenas' executive team.

Kieffer Guzman told LOS TIEMPOS: "We have found enough evidence of serious involvement of Mr. Cardenas and members of his team in this shady deal totaling $5 million. This deal undermines the country's image in the eyes of donor countries and organizations, and harms the peasants, who are being practically swindled because they are paying dearly for these donations, which should be sold at very reasonable prices."

ADN Senator Walter Guiteras and other lawmakers were also part of the congressional working group that investigated this affair and prepared a preliminary report on findings. This report has been conveyed to Minister of the Presidency Jose Guillermo Justiniano Sandoval, who has jurisdiction over the FDC. [passage omitted]

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Bolivia: News Summary for 15 May

96CA0172 (Internet) Social Communications Ministry WWW in Spanish 15 May 96 Morning Edition

[From the Computer Services Network of the Bolivian Social Communications Ministry http://utama.bolnet.bo:80/mcs/matind.htm]

[FBIS Translated Excerpt][passage omitted]

Metropolitan News [passage omitted]

After Narcoconnection Case, Eid's Sedition Trial Is Pending

After the end of the narcoconnection trial, now in its final phase, additional judicial proceedings await the leader of the MIR [Movement of the Revolutionary Left], Oscar Eid Franco, about which his attorneys have no information: the new charges are for attempted sedition.

Eid's defense attorneys, Marco Antonio Oviedo and Fernando Villamor, have stated that during the past two months, since the Ministry of Government charged Eid and some bankers who are imprisoned in San Pedro with promoting sedition in an attempt to destabilize the government, they have not been able to obtain access to information on the police investigations in this case.

Social News [passage omitted]

Coca Growers Purchase Cellular Phone for Evo Morales

Cochabamba. The coca growers have bought a cellular telephone for their leader, Evo Morales Ayma, in order to fight the enemy using his own technology and to compensate for the serious communications deficiencies in the 27 communities of the tropical region of Cochabamba.

The first benefit from the use of this cellular phone, according to Morales, came this past weekend when it was used to convene all the coca-growers leaders to the department-wide general meeting that was held in Chimore, approximately 200 kilometers from the city of Cochabamba. [passage omitted]

Brazil

Brazil: Government Opposes DEA, FBI Presence To Fight Drugs

PY1705161696 Rio de Janeiro Rede Globo Television in Portuguese 1030 GMT 17 May 96

[Commentary by Ricardo Boechat during the "Good Morning, Brazil" program]

[FBIS Translated Text] The Brazilian Government will in fact dot its i's and cross its t's in talks with the United States on drug enforcement efforts.

On 20 May, Justice Minister Nelson Jobim will be going to Washington exclusively to discuss the drug issue. He is going to tell General McCaffrey, who is President Clinton's adviser for issues concerning the drug trade, that Brazil will accept money, training, and technical and material assistance to fight drug trafficking. He will note, however, that Brazil does not want the presence of either FBI or DEA teams within its borders.

Jobim wants to make it clear that if U.S. agents enter Brazilian territory uninvited, as they have already done in other Latin American countries, they may end up sharing prison cells with the very drug traffickers they are seeking to arrest.

Brazil: Lampreia Seeks 'Understanding' in Talks With USTR

PY1705172596 Sao Paulo AGENCIA ESTADO in Portuguese 0053 GMT 17 May 96

[Report by AE correspondent Paulo Sotero]

[FBIS Translated Text] Washington, 16 May (AE) — Brazilian Foreign Minister Luiz Felipe Lampreia today asked for time and understanding from U.S. Trade Representative Charlene Barshefsky to enable the Brazilian administration to broaden and further discussions on its auto industry policy with domestic manufacturers and foreign trade partners alike. Lampreia's mission is designed to discourage a possible petition before the WTO to create a consultative panel on the restrictions imposed on car imports in 1995 by the Brazilian administration.

Lampreia said: "I told her that our decision to withdraw our petition for a 'waiver' (technically, for not having notified the WTO on time about the decision) has been a conciliatory gesture aimed at preventing a climate of confrontation." He said Washington's position on the issue is one of understanding.

During the meeting, Lampreia again insisted on a greater opening of the U.S. market for Brazilian exports, a recurring topic of talks between Itamaraty and the USTR

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since Brazil reduced its import tariffs in 1994 and allowed a larger inflow of U.S. products into the Brazilian market. As a result of Lampreia's complaint, it was decided to call a bilateral meeting in June, at which time government officials from both countries will examine the restrictions and come up with recommendations. Lampreia said that the U.S. contention that a lack of competitiveness is preventing Brazilian exporters from accessing a larger share of the U.S. market could be valid. He said: "Yet, the fact is that some of our products, such as steel, iron alloy, and orange juice concentrate are today subjected to surcharges that are as high as 90 percent."

Barshefsky asked Lampreia to clarify a remark made in Washington last week by Finance Minister Pedro Malan to the effect that "the world is not going to come to an end" if the Free Trade Area of the Americas (FTAA) is not created by 2005, the deadline set at the Miami summit in December 1994. Malan's remarks provoked uneasiness within the USTR because Brazil and the United States have adopted different strategies about how to build the FTAA, and because Brazil is now steering the negotiations after agreeing to host, during the second quarter of 1997, the next ministerial meeting of what has been called "the Miami process."

Lampreia reaffirmed to Barshefsky the Brazilian commitment to the Miami process. Lampreia told Barshefsky that Malan's remarks reflect the Brazilian understanding that 2005 is a deadline for concluding negotiations, not for removing all of the customs barriers in the area. In this regard, Lampreia said, Malan's statement was also meant to calm Brazilian businessmen.

Lampreia began his activities in Washington by having breakfast with Secretary of State Warren Christopher, who was accompanied by Peter Tarnoff, his under secretary for political affairs, and Joan Spero, under secretary for economic affairs. Both Lampreia and the U.S. officials described the meeting as "very positive." On 17 May, Lampreia will have breakfast with Mickey Kantor, former USTR and new commerce secretary. This has been the first time in many years in which a Brazilian minister is being accorded such attention in Washington during a visit that was not originally intended for his conferring with U.S. officials.

Lampreia came to Washington to represent President Fernando Henrique Cardoso at an OAS dinner scheduled for 16 May to honor U.S. Ambassador Sol Linowitz, founder of the Inter-American Dialogue, and negotiator of the Panama Canal Treaty during the Carter administration in the early 1980's. Linowitz coordinated a group of political leaders, academicians, and union and religious leaders from the continent — including then Senator Fernando Henrique Cardoso — to counter the belligerent strategy adopted by the Reagan administration regarding Central America. This is how the Inter-American Dialogue came into being.

Brazil: PRC Internal Trade Minister Visits Rio de Janeiro

PY1705152596 Sao Paulo AGENCIA ESTADO in Portuguese 2323 GMT 16 May 96

[Report by Edson Chaves Filho]

[FBIS Translated Text] Rio de Janeiro, 16 May (AE) — PRC Internal Trade Minister Chen Bangzhu began here today a number of contacts with Brazilian business organizations to promote new deals and, primarily, to reduce the long-running PRC trade deficit with Brazil, which in 1995 totaled $562 million. The Chinese are particularly interested in boosting exports of textiles — which are being resisted by Brazilian manufacturers on account of their low prices — and industrial equipment.

China is also sharpening its focus on food items. After conveying their objectives to members of the Rio de Janeiro Commercial Association, the members of the PRC delegation — which consists of government officials and business executives — visited the Brazilian Coffee Exporters Federation (Febec). Chen said: "In China, people traditionally drink tea, but there is also a broad market for coffee. Proof of this is the fact that the Swiss multinational company Nestle has already established its presence there."

Later, the PRC delegation visited BarraShopping, which is the largest shopping mall in South America. According to Ambassador Celso Marcos de Souza, director general of the Foreign Ministry Trade Promotion Department, the Chinese are seeking to familiarize themselves with wholesale and retail sale systems. This, he said, applies to all kinds of items in general, but especially to food items.

Proof of their interest in this area is the fact that their two appointments for 17 May are related to food. In the morning, the Chen-led delegation will visit the Rio de Janeiro Food Market and, in the afternoon, the State Supplies Center, Inc. (CEASA). China needs to feed 1.2 billion people. Chen said: "Our countries can meet each other's needs; they face similar challenges, and ought to look into mutual cooperation."

Chen made it clear that the fact that Brazil has products in which China may be interested will not necessarily result in deals. He said: "China will always take into account not only its needs, but also the price and quality of the items being offered." He also said he hopes Brazilian businessmen will visit and invest in China.

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On 19 May, Chen and the members of his delegation will go to Brasilia, where they will meet with Brazilian federal officials. The Brazilian Foreign Ministry is still trying to arrange an audience for Chen with President Fernando Henrique Cardoso.

Brazil: Visiting PRC Minister Condemns U.S. Trade 'Threat'

PY1705153596 Sao Paulo AGENCIA ESTADO in Portuguese 0045 GMT 17 May 96

[FBIS Translated Text] Rio de Janeiro, 16 May (AE) — PRC Internal Trade Minister Chen Bangzhu today condemned the U.S. threat to impose surcharges of 100 percent or more on items imported from China up to a total of $3 billion. Chen, who is visiting Brazil, was very cautious in commenting on the Clinton administration's decision, which is believed to be an act of retaliation for the alleged piracy of U.S. products by Chinese industries. Chen said: "International trade ought to be based on reciprocity and equality, rathern than on conflict."

Chen stated that the fact that the PRC Government responded almost immediately to the U.S. threat shows that both parties can be hurt. Chen, who arrived yesterday in Rio de Janeiro on a seven-day visit to Brazil to hunt for new business deals, said: "We want to resolve every problem in such a way that none of the parties involved may be hurt."

Chen commented on the chances for the PRC to join the WTO. He said: "It is not incumbent upon China alone, but also upon other countries and the WTO itself, to make an effort to achieve that." He noted, however, that the PRC maintains a firm position against those countries (which he did not identify) that are creating for China to join the WTO." [sentence as received]

Brazil: Petrobras Seen Blocking Bolivia-Brazil Gas Pipeline

PY2005002096 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 May 96 p A2

[Article by Jose Goldemberg: "Gas for Sao Paulo"]

[FBIS Translated Text] What is happening with the implementation of the Brazilian-Bolivian agreements for the construction of a gas pipeline to bring Bolivian gas to the southeast of Brazil is comparable to a soap opera that is already lasting decades. As every year passes by, this soap opera is bringing new surprises. The latest one consists of an unpleasant mixture of regional politics and a lack of economic good sense.

The facts related to the problem are quite simple:

— Natural gas is considered to be the fuel of the future and its use is growing worldwide because, in addition to being less polluting than other fossil fuels, major technological progress has been made in the past decade to make its use feasible.

— Because Brazilian gas reserves are small, the natural thing to do would be to import it from neighboring countries who have a large supply of it: Bolivia, Argentina, or Peru.

For decades, our negotiations with Bolivia have been unsuccessful because of the opposition of Petrobras [Brazilian Petroleum Corporation], which would thus have to cope with a new fuel that would compete with its products (primarily with fuel oil). Petrobras is opposing the gas pipeline just as it opposed the Fuel Alcohol Program, which was designed to replace one of its products: gasoline. Petrobras' reluctance was reflected through various stages, such as its lack of funds, difficulties to obtain loans, a high cost to take the gas to Sao Paulo, and others, despite the World Bank's interest in taking part in the project.

The fact is that, using sound economic sense, one should realize that the construction of a gas pipeline requires large resources — on the order of $2 billion — and that to make it feasible one must have a large consumption market — a real anchor — which, without a shadow of a doubt, would entail the construction of a thermoelectric plant in the vicinity of the city of Sao Paulo. After this first stage, gas could start being used in industrial plants and residences, thus gradually increasing its consumption. This means that the Bolivian gas pipeline is not just an engineering project, but a "financial engineering" project too, which encompasses the negotiation of loans for its construction and the sale of electric energy generated by the power plant in Sao Paulo, which would guarantee an initial return for the capital invested in the project.

To set up a project of this magnitude entails a long, complex process. The worst thing is that the longer the delay, the greater the political interferences, which are now surfacing with greater aggressiveness, to the point of threatening the feasibility of the entire project.

The initial project envisaged only a pipeline linking Bolivia to Sao Paulo. Yet, as a result of the delay in its implementation, a gas pipeline linking Rio de Janeiro and Belo Horizonte (similar to one built earlier between Rio de Janeiro and Sao Paulo) was built despite the Petrobras gas supply being small. This pipeline will benefit from the Bolivian gas because there is already an expanding market in Juiz de Fora and Belo Horizonte.

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A more recent idea is that of the Mato Grosso do Sul State administration, which proposed the construction of a thermoelectric plant to run on Bolivian gas, with the generated power being sold to Eletrobras [Brazilian Electric Power Company, Inc.] (in addition to guaranteeing domestic supply) at a rewarding price for the producing company. That company — which would be private — should be an independent producer of energy and the construction of the plant should not require a public tender, just an authorization pursuant to the Franchising Law. Purchase of the required equipment would, however, be made through a tender. The idea is not bad, but questions may be raised about the final cost of the electricity generated in this fashion.

There is a real political problem regarding a plan to extend the pipeline from Sao Paulo to Rio Grande do Sul, which could not be justified in commercial or financial terms, unless the project can be subsidized, which would change the nature of the project from private to public.

This proposal is feasible from the political standpoint, but not from the economic standpoint, and it entails government subsidies. The only proposal that would be economically sound would be the gas pipeline up to Sao Paulo, because of the large amount of gas involved.

Under these circumstances, we deem it appropriate for the federal administration to take a step that none of its predecessors had the courage or resolve to take; that is, to let the Brazilian-Bolivian gas pipeline be structured as an economically feasible project.

It has already been agreed to create two gas transport companies, one in Bolivia and another one in Brazil, through Petrobras and its Bolivian counterpart and several international oil companies. What remains to be done is to organize and to fund that company in Brazil. This would require the "financial engineering" effort mentioned earlier and the issue of building a thermoelectric plant in the Sao Paulo region, which would serve as a true "anchor" for the project. Should this not be done with private capital, the administration will be called upon to do it, and this would be unfeasible at this time.

One-sided decisions such as that of Petrobras announcing its intention to purchase the necessary pipes for the pipeline are not helping to make the project feasible, but rather they may even be hurting it because it is antagonizing possible partners or financiers.

Once the decisions mentioned earlier are made, the gas pipeline may be built up to Sao Paulo and the Rio Grande do Sul segment left for a future stage.

To increase the gas share of the Brazilian power grid will create a great demand for this element, which is clean and attractive, and could modernize many industries by generating additional resources for future expansion.

Chile

Chile: Insulza Says No Time To Broach New Issues With Mercosur

PY1805013596 Santiago ESTRATEGIA in Spanish 16 May 96 p 6

[FBIS Translated Excerpt] Foreign Minister Jose Miguel Insulza has said the main problem in the negotiations with Mercosur [Common Market of the South] is the little time left to discuss the new subjects proposed during the past few days. Insulza insisted that the plan is to sign the agreement on 25 June, as announced.

One new subject is a list with specific norms of origin for some 3,600 Chilean goods proposed by Mercosur a few days ago.

The norms of origin determine that products benefiting from a custom tariff reduction are really produced within Mercosur member countries. In general terms, the agreement between Chile and Mercosur establishes that at least 60 percent of the product must originate in Mercosur member countries.

The additional specifications proposed by Mercosur are currently accepted by Aladi [Latin American Integration Association] — to which the five countries belong — so there should not be any greater difficulties than those that exist currently. However, a thorough assessment of the list has yet to be made due to the lack of time and resources, because work has been focused on concluding the pending issues.

Minister Insulza said yesterday: "It is not fair to use the word restrictions because I see no restrictions on the Mercosur list so far. We consider it very complicated to present a list of this length, that must be thoroughly assessed, just a few days before signing the agreement: This caused the problem." [passage omitted]

Chile: Foreign Minister Views Investments in Bolivia, Peru

PY1805013896 Santiago ESTRATEGIA in Spanish 15 May 96 p 7

[FBIS Translated Excerpt] Foreign Minister Jose Miguel Insulza yesterday expressed concern over Chilean investments in Bolivia because he believes there are several factors that can go against the Chilean businessmen who invest in that country.

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He explained that most Chilean capital is invested in strategic sectors of the Bolivian economy which, because of Bolivian legislation, are not associated with Bolivian companies. He added that this situation could create an "anti-Chilean" feeling.

He said that Bolivia is going through a complicated political climate due to the presidential elections next year.

He added: "The case of Bolivia should really be looked at with greater attention, even though Chilean investments are more than welcome by the Bolivian Government and important sectors of society, as I was able to verify during my trip."

Insulza said this during a breakfast organized by the National Chamber of Commerce, where he was asked about the situation of Chilean investments in Peru. Insulza said he is not concerned because foreign investment regulations in Peru are very clear, and that in most cases foreign investments are associated with Peruvian companies. [passage omitted]

Chile: Thai Foreign Affairs Minister Begins Official Visit

PY1605203796 Santiago LA TERCERA DE LA HORA in Spanish 15 May 96 p 9

[FBIS Translated Text] Thai Foreign Affairs Minister M.R. Kasemsamoson Kasemsi arrived in Santiago on 13 May. He began his official activities with a meeting with Chilean Foreign Minister Jose Miguel Insulza.

The two foreign ministers and their respective delegations later analyzed bilateral issues during a general meeting.

After a lunch given by Insulza, Kasemsamoson met with Economy Minister Alvaro Garcia at 1600.

He will depart Chile at 1730 local time on 15 May.

Chile: Communist Party Union Gains Viewed

96SM0273A Santiago EL MERCURIO in Spanish 23 Apr 96 p C2

[FBIS Translated Text] The Communist Party (PC) has either pursued a successful strategy or taken advantage of a temporary situation; these are the two chief explanations that the various political sectors are giving for the party's gains in student and union elections.

The most recent election in the United Workers Trade Union Federation (CUT) made the PC's newfound strength obvious, but it had been seen before in the Professors Association and the University of Chile Students Federation (FECh).

The Communists insist that they owe their strength solely to the calculated, resolute strategy they decided on at their most recent party congress a little over a year and a half ago. Their aim was to gain ground in the social sphere, in view of what the party insists is the Coalition's inability to meet the demands of the sectors that feel most overlooked.

Meanwhile, opinions in the ruling Coalition are for the time being colored more by the current internal conditions in the wake of the CUT election.

Thus, as far as Christian Democracy (DC) is concerned, the Communists' gains can be explained by the Socialists' desire to cause rifts. The Socialists' more restrained view is that PC representation among voters has a ceiling of eight percent.

The UDI [Independent Democratic Union] insists that the Communists' current level of representation should not be overestimated, as it remains below what they have traditionally had in the social sphere.

Whatever explanation the political parties cite, the objective fact is that at present the PC heads at least 11 union groups and six student organizations.

Communist Position

Lautaro Carmona, a member of the PC's Political Commission, recalled that his party would not have made good on its decision to bolster its presence in the union and the social sphere if the situation had not allowed it to, and if its proposals did not have mounting support.

According to him, this has been reinforced by confirmation of the Communist Party's assessment to the effect that the Coalition government has not carried out its program and that, as the Communists contend, it furthers the interests of business.

"To attribute the PC's growth solely to a temporary situation would be failing to take into account the workers' growing criticism of the government, which can be seen in the various elections," he noted.

He acknowledged, however, that historically it has been impossible to extrapolate the PC's electoral gains in the union sphere to the results of municipal elections.

Overestimated

The vice president of the UDI, Andres Chadwick, felt that the PC's strength in the social sphere, on which it has placed so much emphasis, should not be overestimated, inasmuch as it remains far below what it has traditionally commanded there.

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Moreover, according to Chadwick, the PC's gains are due to short-run developments in other political forces in the social sphere, especially the erosion of support for the Coalition, whose promises and grievances are still pending.

In his judgment, the Coalition's leaders in the social sphere have tended to act more as government leaders than as representatives of trade union organizations. "There is bureaucratization, a pro-government attitude in the representation of social interests, and this has weakened positions and made more room for the PC," he said.

DC Upset

The PC's victory in the most recent union elections is altogether episodic, according to Roberto Leon, the head of the Christian Democratic bloc of deputies.

In his judgment, the Communists are not increasing their vote totals, because if the Coalition had run united in the most recent union elections, the PC would not control the areas that it does today.

Such disunity, the leader said angrily, is due to the lack of understanding that has existed in the social sphere, "and we hold the Socialist Party responsible because it has refused to run within the framework of the Coalition. Such lack of understanding has reached its limit and cannot continue."

Chile: PPD Commission Approves Restructuring

96SM0273B Santiago EL MERCURIO in Spanish 9 Apr 96 p C4

[FBIS Translated Text] After a lengthy debate, the Political Commission of the Party for Democracy (PPD) unanimously approved an administrative model different from the current one. It will make room for professionals and experts to revitalize the party's fact-finding commissions or secretariats.

It also agreed to reform the bylaws, to this end establishing a commission whose members will be appointed later.

The Political Commission also supported the decision by the party's chief, Deputy Jorge Schaulsohn, to put an end to factionalism and thus prevent the destruction of the group.

The president of the PPD has thus put into effect the restructuring project that he had recently announced.

As Schaulsohn reported at the close of the meeting, a decision was made to call on the presidents of the secretariats or commissions, whose number was boosted to 11, to step down, in keeping with the restructuring proposal that he had made. Both the secretariats and their heads are chosen by the national board, which alone makes decisions in this regard.

Schaulsohn reported last night that he made the restructuring proposal along with the party's national secretary, Patricio Hales.

Senators Sergio Bitar and Robeto Munoz Barra reported, however, that Schaulsohn submitted the proposal last night to the Political Commission.

Schaulsohn said that some heads of secretariats would likely stay on, and he also mentioned the possibility that other spokesmen who have not been involved but who have fine administrative talent would be brought in.

It was remarked, however, that the purpose of this action is to remove spokesmen who identify with certain factions and to replace them with specialists.

It was emphasized, in addition, that the restructuring seeks, among other things, to remove Guillermo del Valle, the municipal agent who was involved in drawing up the document entitled "The Strength of Ideas," which criticized the PPD's current leadership.

As to the reform of the bylaws, the PPD president said that it is designed to democratize the party and to establish an electoral system that will thwart the establishment of party rosters and machines.

"Today there is a system of activists who can fill one-half plus one of the elected posts in collective bodies. This allows for the formation of rosters that prevent people who can contribute to the PPD from being elected unless they are listed on one of them," he emphasized.

Although Schaulsohn stressed the need to restructure the secretariats, such moves will not ensure an end to the existing factionalism. Last night there were major doubts as to their effectiveness and also as to whether the problem that has caused this crisis of sorts in the PPD actually lies in the secretariats.

The PPD president also expressed satisfaction over the backing that his proposal got from the Political Commission and voiced his confidence that factionalism is going to end, that the administrative model is going to be changed, and that the bylaws are going to be reformed.

As of last evening, however, the impression was that the problem Schaulsohn is facing is rival internal leadership, represented, Senator Roberto Munoz Barra said, by Sergio Bitar, Victor Manuel Rebolledo, and Jorge Schaulsohn himself.

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Sergio Bitar acknowledged that the PPD has had upheavals, which are positive for making headway. He said that smoother relations within the party are needed and that teams have to be formed both partywide and in the program commissions.

In any event, the drama that was attached to the restructuring and to the fight against factionalism within the PPD was not in evidence last night in the Political Commission, which went about its work calmly.

Chile: Judicial Reform Costs, Benefits Analyzed

96SM0273C Santiago EL MERCURIO in Spanish 6 Apr 96 p D3

[Article by Carlos Valdivieso, Ernesto Fontaine, and Gert Wagner]

[FBIS Translated Text] According to a study conducted jointly by the Civic Peace Foundation, the Justice Ministry, and the University Promotion Corporation, the criminal-procedure reform would establish a system 53 percent less expensive, fiscally speaking, than the present one if the same number of crimes were to be investigated "properly."

Congress is considering a reform of the criminal-procedure system that the country has had for the past 100 years. It entails a substantive change both in the manner and the scope of criminal justice in Chile.

What Is To Be Investigated?

Every system of justice has more crimes to investigate than resources available to investigate them. In turn, the crimes to be investigated differ in their complexity and in society's assessment of the damage they cause.

Reported crimes can be divided into two categories: those that investigations can solve, and those that they cannot. A rational system would not allocate any resources whatsoever to the latter, inasmuch as they would yield nothing.

A decision must be made as to what crimes open to technical investigation ought to be investigated. Some are more expensive to investigate; therefore, allocating resources to them could mean a substantial reduction in the resources that could be devoted to other crimes that are more economical to look into. There are also crimes to whose investigation and solution society attaches great importance, as well as others to which it attaches little.

Since there are not enough resources to investigate all crimes, the system must have some sort of procedure to decide what indeed it will investigate. Chile's current criminal-justice system makes this selection through judges and clerks (judicial employees who discharge various administrative functions in the courts and who lack judicial training).

It has been found that the current system of criminal justice allocates major amounts of resources to "noninvestigatable" crimes. This means that many crimes that ought to be investigated do not receive sufficient attention.

The new system of criminal justice proposes that individuals with technical skills be the ones who decide which crimes ought to receive attention from the system. The ultimate goal is that all crimes that it is technically and budgetarily feasible to investigate should be "properly" investigated, feasible meaning that results can be expected, with consideration also given to society's assessment of various crimes. Resources should not be devoted to any others.

The cost analysis concluded that greater efficiency in the selection of cases and certain streamlining mechanisms would mean that the new system would spend $119 million a year to investigate "properly" all crimes that are technically and budgetarily investigatable. By comparison, the current system would require $157 million a year to do the same thing. The average cost per investigated crime under the current system is $721; under the new one it would be $548.

The Abbreviated Procedure

If there were no budgetary restrictions, each individual subject to a proceeding or accused of a crime would be entitled to an impartial trial before three judges (the proposal of the criminal procedure reform). However, the budget normally will not allow all cases to be brought to trial.

The reform proposes a mechanism called an "abbreviated procedure." This enables a defendant to waive a trial before these judges, in exchange for which the prosecutor requests a penalty less severe than the one he would expect to get in the trial. This enhances the productivity of the budgetary resources through bargaining.

The introduction of the abbreviated procedure will save society $152.4 million a year in the administration of justice. This figure includes considerations such as the victim's time, the fees of the defense attorney, etc.

Loss of Liberty

The criminal-procedure reform proposes four changes in the current system of incarceration. They are:

—One less day behind bars for detainees

—Two alternatives to custody pending trial

—A maximum time in custody pending trial

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—Conditional stay of proceedings

The first three will save $7.2 million a year. This seems insignificant in comparison to the rest of the savings that the reform will bring. However, the savings from conditional stays of proceedings are substantial. and arise from:

1. The value of the days of freedom to defendants owing to the conditional stay ($49 million a year).

2. Lower custody expenditures for Chile's Prison Guard Agency ($66 million a year).

3. Lower budget outlays in the judicial system owing to the conditional stays, which mean that some cases will not go to trial ($89.5 million).

Conditional stays of proceedings will save $204 million a year. However, society will also forego the benefits that accrue from punishing the guilty, benefits such as the potential deterrence to crime and to the damage that such major crimes cause society.

This study does not offer a model that can quantify this value. Minor crimes, to which stays of proceedings would be applied, would no doubt show an increase, but repeat offenses could decline. The reason is that the conditional stay entails not prosecuting a first-time misdemeanor offender, whereas if a first-time offender commits a second crime, he is prosecuted for both crimes. If this increase were to involve societal harm in excess of $204 million, then the conditional stay of proceedings would cease to be beneficial to society.

Savings

In summary, the criminal-procedure reform introduces a system that is 53 percent less expensive from a fiscal standpoint than the current one, if both are investigating the same number of crimes "properly." If we factor in the time spent by the victims and by defendants and the cost of defense attorneys, the proposed system is 64 percent less expensive. In absolute numbers, the difference between the two systems in budgetary terms is $137 million, with the overall difference (including private savings) amounting to $219 million.

Colombia

Colombia: Samper Says Colombia, U.S. To Review Trade Agenda

PA1905230696 Santa Fe de Bogota EL TIEMPO in Spanish 18 May 96

[Received via internet]

[FBIS Translated Text] Yesterday, President Ernesto Samper Pizano announced that as of next week, Colombia and the United States will review their bilateral agenda on investment and trade during a visit to Washington by Colombian Foreign Trade Minister Morris Harf.

President Samper made this announcement during the swearing-in ceremony of Juan Carlos Ramirez, new director of the National Planning Department.

Samper said that despite the deterioration of relations between Bogota and Washington over the issue of drug trafficking, the two countries should continue to work together in other areas of mutual interest.

Samper noted: "The agenda involves the review of more than 50 key topics, including nontariff trade barriers, intellectual property, investment guarantees, terms to smooth commercial flows, agreements on quotas for specific products, and joint regulations to prevent the use of trade for money laundering purposes."

Trade between Colombia and the United States amounts to approximately $7.5 billion.

Samper indicated: "My government is determined to continue to work on consolidating a profitable agenda between the two countries, that is, a trade agenda in which the two economies will benefit based on the acknowledgment of their own and specific comparative advantages."

Samper clarified that in addition to the commercial aspect, his government will work jointly with the United States in the fight against drug trafficking, as long as the United States respects Colombia's right to set up priorities in its territory.

Samper also remarked that "he is not crazy" for saying that the current economic trend is favorable.

"There are many people who say that the president lives in another country and that it seems as though he is talking about Switzerland or Sweden, when they listen to my economic assessment. However, the president is not crazy, the results are right here."

With this statement made at Narino Palace, the president answered criticisms raised by businessmen, who have warned about the slowdown of the Colombian economy in the wake of the political crisis faced by the president after charges were made that he financed his electoral campaign with drug money.

"The results are right here for anyone who does not believe the social statistics and economic indicators to look at and realize that the results of my social policy are a reality," Samper added in his unusual statement.

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Colombia: Comptroller General Turbay Flatly Denies Charges

PA1705192796 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1500 GMT 17 May 96

[Interview with Colombian Comptroller General David Turbay by unidentified reporter in Santa Fe de Bogota; from the "RCN Radio Events" newscast; monitored in progress — live]

[FBIS Translated Text] [Turbay] ...and this is why I want the U.S. Government to present to Colombia, as soon as possible, the evidence that I am in the drug traffic business. This is unimaginable and a very clear demonstration that things are not being done right in this regard. As I told you, my conscience is at peace. I am willing to be scrutinized if necessary but I flatly deny this baseless and unfair accusation against me.

[Reporter] Dr. Turbay, if what you say is true, where do you think this U.S. Embassy accusation has originated?

[Turbay] I don't know. Apparently in Pallomari's remarks. He says he knows I am a very close friend of the Rodriguez Orejuela brothers. Pallomari says I am 1.70 meters tall but I am 1.80 meters tall. Pallomari says I have an athletic figure, but many people who know me would say I am a little on the plump side. Pallomari says I cashed some checks, but the investigation conducted by the Prosecutor General's Office has determined that I never cashed them or had anything to do with them. We are in the presence of an international plot against an honest man who has nothing to do with this type of crime.

I hereby challenge all my enemies to say something about this, to say when they saw me shipping drugs to the United States or any country in the world, placing capital, or participating in some way in such crimes. It is unimaginable for the comptroller general, a former presidential hopeful, a senator, a delegate to the House of Representatives, a man who was elected as an outstanding young man in the world by the International Junior Chamber, Galan's friend, the man who accompanied Galan on that tragic night in Soacha, the first government senator who accompanied Galan, the man who gambled his life and fled this country for Chile, as Cesar Gaviria, who became familiar with the drug traffickers' threat that forced my transfer to another country, can testify, to be portrayed as a partner in the business of introducing drugs in a democratic country like the United States.

I cannot accept these charges and this is why I said I will hire a pool of lawyers. And this is why yesterday I asked the State Council, the Supreme Court of Justice, the Higher Council of the Judicature, and all Colombian judicial agencies to listen to me. This is something that defies calm, common sense, and loyalty toward the law, and instead elicits repugnance for the lightness in which it is regarded. If there is evidence, let them send it at once. I have asked the prosecutor to make a decision as soon as possible. But now I am asking him to delay it, to wait for all the evidence to arrive in Colombia so my behavior can be fully revealed before my people. Although I do not have the U.S. visa for a capricious U.S. Government decision, I respect it. Nevertheless, I know I have a people's visa, I mean the support of a people who do not endorse disparagement, who do not trample on their best leaders. I have been a honorable man all my life. I have never been accused before. And the first accusation leveled at me proves to be lying and slanderous.

I expect [words indistinct] to be scrutinized in a public debate. I want the Congress to debate this matter. I want it to be studied in depth. I want the Foreign Relations Advisory Commission to meet. I want my behavior to be assessed. I want all of the Colombian investigations agencies to make a pronouncement. No one should, with impunity, gamble with a man's life, the honor of a family, the traditionally honest behavior of the members of my family. I am deeply grieved by this action, which runs against reason [words indistinct] this lying and pharisaic attitude. What are they accusing me for? Being the comptroller general? Not having accepted an invitation of unofficial spokesmen of the U.S. Embassy? I visited Carlos Perez Octagaray in his home on his own invitation. He told me that in this country anyone who does not conspire against the government will also be conspired against.

I am not the U.S. comptroller general, but the Colombian comptroller general. I am not for sale. I do not mortgage my conscience. I am at the service of truth and loyally serve my country's institutions. If this means that they have to kill me, death will be welcome. But do not put me in the situation of having to explain to the world that I am not a criminal, a drug trafficker, that I have never associated myself with anyone to introduce drugs into any country of the world. This is a vile trick that I or the Colombian people do not deserve. This is the wrong way to meddle in the investigation in progress against the president of the Republic. Almighty authority, the management of the political class, the leadership of the parliamentarian majority in the Congress have been attributed to me. They are grieved because a person very close to me is the current head of the Liberal Party. So I became an easy target.

[Reporter] Thank you very much. You have been most kind.

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Colombia: Guerrillas Threaten To Kill Valdivieso, Salamanca

PA1905212696 Madrid EFE in Spanish 2001 GMT 19 May 96

[FBIS Translated Text] Santa Fe de Bogota, 19 May (EFE) — Santa Fe de Bogota press sources today reported that the country's two main guerrilla groups have threatened to kill Colombia's Prosecutor General Alfonso Valdivieso and Assistant Prosecutor General Adolfo Salamanca. The guerrillas notified them that they should resign from their posts and travel abroad.

The two leading authorities of Colombian penal justice, who are responsible for the investigations into the "narcoscandal," received the warning through a message sent to Valdivieso's office.

The Santa Fe de Bogota media reported that the threats were made by the Revolutionary Armed Forces of Colombia (FARC) and the Army of National Liberation (ELN), which are Colombia's two major rebel groups.

Valdivieso and Salamanca were warned that they should leave their posts and the country within five days. Their families were also included in the death threats.

Even though Valdivieso and Salamanca had previously received death threats from alleged armed groups, the authenticity of the threats was not confirmed. Authorities also detected and prevented several attacks with explosives on these high-ranking officers and on the Prosecutor General's Office headquarters in Santa Fe de Bogota.

These two officials are largely responsible for the major process investigating charges of infiltration of drug trafficking money into the 1994 electoral campaigns, particularly that of President Ernesto Samper.

The president, who has been facing a delicate institutional crisis for more than a year, has been summoned by a parliamentarian committee, which must forward its report on the investigation to the plenum of the Chamber of Representatives this week. It will decide either to acquit Samper or accuse him before the Senate.

Colombia: Prosecutor General Dismisses Death Threats

PA1905030696 Santa Fe de Bogota Radio Cadena Nacional in Spanish 0130 GMT 19 May 96

[From "The Saturday Night Newscast"]

[FBIS Translated Text] Cartagena — Prosecutor General Alfonso Valdivieso Sarmiento has dismissed death threats made against him by the guerrillas to pressure him to resign from his post.

I will continue to work and to fulfill my responsibilities, said the prosecutor general, who is attending the closing event of the judicial branch's training program in this city.

The prosecutor general said that the opinions of the labor minister regarding alleged machinations by the Prosecutor General's Office against President Ernesto Samper are not consistent with someone in such a high-level position.

Prosecutor General Alfonso Valdivieso Sarmiento talked to Radio Cadena Nacional about this:

[Begin recording] [Valdivieso] I believe he knows very little about the process. Of course, for some time now, the opinions of the labor minister have not merited any comments. Frankly, they are out of line and, of course, they are not in keeping with the position of officials with those responsibilities.

[Unidentified reporter] When will the process against the three ministers be decided?

[Valdivieso] Well, it will be totally decided by the prosecutor in charge of the case. We have said the decision has not been postponed. It is a decision that has not been made yet. It will be announced when it is ready. I believe that in this process, in this investigation, there are undoubtedly decisions that have to be borne in mind, such as the decision of the Council of State itself. This means the investigating prosecutor, the one in charge of the case, must keep this in mind when adopting a decision. I hope the decision will be made next week; however, we have said that we do not want to promise any dates because it creates a level of speculation that is quite inappropriate.

[Reporter] [Words indistinct]

[Valdivieso] It will depend on the analysis and the decision of the investigating prosecutor.

[Reporter] [Words indistinct] how do you interpret this situation during these times?

[Valdivieso] It is a situation, which I consider normal. We will go there as often as necessary, as often as we are summoned for processes that are under investigation by the proper authorities, in this case by the Investigation and Accusation Committee of the Chamber of Representatives. I do not see anything out of the ordinary in this, let alone inappropriate.

[Reporter] A few hours ago, a letter was received threatening you and asking for your resignation within the next five days, otherwise attacks would be staged against your family. What is your position?

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[Valdivieso] I believe these types of pressures are undoubtedly unacceptable from all points of view if they are in fact true or if they are ingeniously unfounded threats that attempt to inflict a psychological effect. We dismiss these threats because we continue to work. We know that in these types of jobs there may be certain risks, but the most important thing is our decision to continue carrying out our responsibilities at all levels as we have been doing. [end recording]

Colombia: Court President Explains Recent Ruling

PA1705170296 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 17 May 96

[Telephone interview with Colombian Constitutional Court President Carlos Gaviria Diaz by Dario Arizmendi and Judith Sarmiento in Santa Fe de Bogota; from "Caracol's 0600 to 0900 Newscast" — live]

[FBIS Translated Text] [Arizmendi] The Constitutional Court [CC] yesterday made a significant court decision as it ruled that, from now on, the Accusations Committee of the Chamber of Representatives can only probe or investigate a case, collect evidence, and draft a report on government officials who have immunity, a report that the 163 members of the Chamber of Representatives must approve or reject. CC President Carlos Gaviria Diaz, good morning.

[Gaviria] Good morning, Dario.

[Arizmendi] What is the meaning and what are the practical consequences of this CC ruling regarding the case with the president of the Republic, whom the Accusations Committee is currently investigating?

[Gaviria] First, it is important to observe that the CC takes these decisions not thinking about a specific case. However, as you have correctly observed, there are consequences. Regarding the case we are discussing, the immediate consequences are as follows: the decision to stop the case against the president or to file an accusation at the Senate cannot be made by the Investigations and Accusations Committee, but by the full Chamber.

[Arizmendi] Was there any possibility that this was going to occur in this case at the request of President Ernesto Samper himself?

[Gaviria] Well, it is very likely that, if we were to proceed in this manner for many reasons, including to make the case clearer, as has been said, it seems to me that the CC ruling upheld this decision and, therefore, stressed that this is the procedure that must be adopted not only for advisable reasons but also for even constitutional reasons.

[Arizmendi] Dr. Gaviria, could you explain to us the role of judges congressmen must play when they have to conduct an investigation and how each investigation, the penal investigation and the investigation dealing with [Samper's] dishonorable behavior, is coming along?

[Gaviria] Well, the thing is that this is a very particular case, part of which could be likened to an ordinary penal case and part of which cannot because it has its own characteristics. Cases against the president could emerge for two reasons: dishonorable behavior is one them, leading to an eminently political case. It is perfectly likely that a president could be declared to have incurred in dishonorable conduct without having committed any crime. Of course if the president has committed a crime and it is proven, this makes him a dishonorable person. However, when a case is conducted for dishonorable behavior, the ruling Congress may issue is eminently subjective. We could almost say that what Congress is doing here is to interpret social morality. On the other hand, when a case is conducted for common crimes, the charges that could be filed against the president are charges contemplated in the Penal Code; therefore, filing charges that are not based on a series of evidence [acerbo probatorio] against him or failing to file charges based on this series of evidence could make congressmen liable for the same charges that could be filed against judges, namely, abusing authority or betraying trust.

[Arizmendi] CC President Dr. Carlos Gaviria: Would you say that according to the CC's ruling, it is now up to the Chamber of Representatives' plenum to decide whether or not there is merit to accuse the president before the Senate for the alleged penal crimes?

[Gaviria] Exactly. This is the case.

[Arizmendi] And is it the Senate the body that will determine whether there is sufficient evidence to accuse him, in due course, before the Supreme Court of Justice [CSJ]?

[Gaviria] That is correct. It is up to the Senate to determine, once it receives the accusation, if indeed the Chamber of Representatives does accuse, whether the trial is to be transferred to the CSJ because they consider that there are sufficient elements to warrant a criminal case or to abstain from doing so. In other words, the Senate's work is a requisite for the CSJ to hear a penal case against the president.

[Sarmiento] Dr. Carlos Gaviria, I would like to ask you, please, two questions: Right at the moment when the prosecutor presented his case [denuncia] before the Investigation and Accusations Committee of the Chamber of Representatives, he made a series of charges against

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the president. Those charges were based on proven evidence that presumably the prosecutor presented to the commission. Is this related in any way with what you said a moment ago about describing the crimes, and could this lead to a possible investigation of the prosecutor?

[Gaviria] I believe that it is necessary to make certain explanations: It is possible for a person to accuse another person, in good faith, of perpetrating a crime and that the body tasked to investigate this crime finds that the evidence is not sufficient. This does not mean that the person making the accusation has incurred in any criminal behavior. It would be something else if, in bad faith, a person is accused of a crime when it is a well-known fact that the person has not committed it and that there is no evidence to back the charge.

[Sarmiento] Indeed. Dr. Gaviria, the other question is this: To avoid misunderstandings in view, as you know, that the country is currently experiencing a crisis, at what point was the CC aware of the suit against Article 346 of Law No. 5 of the [word indistinct] CC rules?

[Gaviria] That is a good question, Judith, because the truth of the matter is that there is too much mistrust over the opinion. Several people have asked me the same question, why the CC ruling at this moment. We could say that this is an unfortunate coincidence. The CC has observed the terms and work that has to be followed on a case dealing with constitutionality issues. These last few days, I am not sure if it was yesterday or at the beginning of the week... [pauses] No, it was not yesterday. I was noticing that the CC's ruling term was about to expire. This coincided yesterday with the term limit and the CC understandably did its duty and ruled.

[Arizmendi] Dr. Fabio Moron Diaz was the judge who presented this report. Was this approved unanimously, Dr. Carlos Gaviria?

[Gaviria] Exactly, Dario, it was unanimously approved.

[Sarmiento] Thank you very much, Dr. Carlos Gaviria.

Colombia: Accusations Committee Member on Court Decision

PA1705143096 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 17 May 96

[Report by Dario Arizmendi from "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] [Arizmendi] We will talk with Mario Rincon, a member of the Conservative Party and the Accusations Committee of the Chamber of Representatives, on the repercussions of the Constitutional Court's decision yesterday on the committee. Good morning.

[Begin live relay] [Rincon] Good morning.

[Arizmendi] The three members of the committee had planned to send a report, or more than one had there had been several proposals, to the committee plenum on 14 May, when the deadline ended, for the committee to study the report or reports and decide within 10 days whether to send all the documents to the chamber plenum. Is it possible to waive this step with the Constitutional Court ruling? Can the committee simply transfer the documents? What will happen?

[Rincon] The truth is that according to the amendment on Law 5, the congressional statute, through Law 273 of this year, the committee studies the draft resolution ruling on the investigation and sends it to the chamber plenum; in other words, the committee simply studies a draft resolution ruling and decides in which sense a decision is made on an investigation in the chamber plenum. I believe this is very clear.

[Arizmendi] The court's decision can give the ruling more validity and force. The committee apparently does not require a 10-day deadline.

[Rincon] The defending lawyer had a deadline to present his arguments. In this case, the prosecutor and investigators also require time to assess the arguments presented by the defending lawyer; this is true of all procedures, as it happens with the regular penal procedure established in the Penal Code.

[Arizmendi] Some observers said last night [words indistinct], because a hot potato is thus taken away from the committee and handed over to the plenum.

[Rincon] I think this point has not been well interpreted, because the law which has amended the congressional statute and which Congress passed this year gave the chamber plenum this prerogative; in other words, the decisionmaking power does not reside with the committee but, rather, with the chamber plenum. May I repeat that this decision was made through a law. [end live relay]

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Colombia: Samper Lawyer Reacts to Constitutional Court Ruling

PA1705211796 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 17 May 96

[From the "National Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 1910 GMT on 17 May]

[FBIS Translated Text] We talked to Luis Guillermo Nieto Road, defense lawyer for President Ernesto Samper, about the Constitutional Court hearing on the trial of President Ernesto Samper Pizano.

[Begin recording] [Reporter Alberto Medina] We know that this has to be a judicial proceeding. The trial, will it be because of his dishonorable conduct [indignidad]? Must the Congress decide whether or not the president is acting dishonorably?

[Nieto] When it reaches the Senate, if a Chamber accusation reaches the Senate, the Senate will establish if the conduct to be tried is dishonorable, which violates the penal code, or if it is unoffensive conduct, although bad.

For instance, the president arrives drunk at the Council of Ministers. That is dishonorable conduct, by normal standards, which means that engaging in this sort of action or any bad conduct makes the person unworthy. At any rate, it is always the conduct that is judged. [end recording]

Colombia: Accusations Commission Summons Prosecutor Valdivieso

PA1705232796 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 16 May 96

[From "The Latest News" newscast]

[FBIS Translated Text] Attention, please: Prosecutor General Alfonso Valdivieso Sarmiento will appear for questioning next week before the Investigation and Accusations Committee of the Chamber of Representatives. RCN [Radio Cadena Nacional] has just now confirmed that the Accusations Commission summoned Prosecutor Valdivieso, together with his defense attorney, to appear before them at 1500 [2000 GMT] on Wednesday 22 May for questioning.

Investigating Congressman Ciro Crispin, a Conservative from Santander Department, summoned the prosecutor.

A citizen named (Ramiro Cabanzo Frade), made charges against Dr. Valdivieso Sarmiento before the Accusations Commission, so that Valdiviso would be investigated. As we already know, six years ago, while working as education minister in the Cesar Gaviria cabinet, Alfonso Valdivieso renewed a contract, for a 50-year term, in which a plot of land was ceded [en acomodato] to a Christian association. The land is state property and is located to the north of Bogota. Nevertheless, when taking into account that the law only allows a contract for a maximum term of five years, citizen (Ramiro Cabanzo Frade) announced before the Accusations Commission the alleged violation of the law by the current prosecutor general.

It was Representative Ciro Crispin's turn to receive a case for study. Crispin, after studying the argument presented by (Mr. Cabanzo Frade), decided to summon Dr. Valdivieso Sarmiento for questioning. Consequently, and just as we have reported right now, Dr. Jose Manuel Delgado Fiallo, secretary for the Investigation and Accusations Committee of the Chamber of Representatives, sent a note summoning Prosecutor Valdivieso, accompanied by his attorney, to appear at 2000 on Wednesday, for questioning at the Accusations Commission's main office in the National Capitol, Bolivar Square, Bogota.

The remaining Accusations Commission members will not be present during the questioning. Only investigating representative Ciro Crispin will be there.

Colombia: Medina Admits Guilt to Illegal Enrichment Charges

PA1905025796 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1715 GMT 18 May 96

[Report by Dario Arizmendi; from "The Midday Newscast" — live relay]

[FBIS Translated Text] [Arizmendi] As the country is already aware, a few hours ago the Prosecutor General's Office and former Samper presidential campaign treasurer Santiago Medina Serna reached an agreement. This agreement includes various points regarding a likely sentence coinciding with a proposal that will be sent by the Prosecutor General's Office to a regional judge, who will have the last word on the issue. We are in communication with Santiago Medina's lawyer, Dr. [word indistinct] Hernandez. Dr. Hernandez, good afternoon. How did the meeting go?

[Hernandez] Good afternoon. I believe we can say that it went well. The proceedings took place amid a climate of respect for the fundamental rights of Mr. Medina — as is appropriate for these kinds of proceedings — and above all, with the attitude that the Prosecutor General's Office usually adopts during these investigations.

Moreover, Mr. Medina acknowledged that he is guilty, along with others, of the crime of illegal enrichment, the type of enrichment that favors third parties. We hope

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that because Mr. Medina has accepted his responsibility and because he has made a confession, which is now part of the legal process, he will receive the benefit of a reduction of his sentence, as stipulated by the law. That could guarantee an imminent release.

[Arizmendi] Benefits for confession and cooperation with justice? What would those benefits be?

[Hernandez] Benefits for confessing and for having adhered to the pre-trial sentencing system stipulated by Article 37 of the Penal Code. These benefits include a reduction of the sentence by one-third for having adhered to the pre-trial sentencing system and by one-sixth for having confessed. We hope these benefits will be acknowledged by the regional judge when the corresponding sentence is passed.

[Arizmendi] That is, with regard to the minimum sentence of 60 months established for the crime of illegal enrichment, there will be a reduction of more or less 30 months.

[Hernandez] Exactly. In principle, that is what we hope for, and we believe that we have enough reasons to be optimistic about this result.

[Arizmendi] Politically speaking, what does this mean?

[Hernandez] I believe Mr. Medina's decision to adhere to the pre-trial sentencing system is very significant. If you will allow me, I can read the most important aspect of Mr. Medina's decision, which was defined during yesterday's proceedings and which I do not believe violates in any way the confidentiality of the proceedings.

He told the Prosecutor General's Office that he accepted the responsibility for illegal enrichment, and he added:

I have asked the Prosecutor's Office for a pre-trial sentence hearing, because I am convinced of the responsibility of all of the directors of the presidential campaign in the election, using drug money, of citizen Ernesto Samper Pizano to the office of president of the Republic of Colombia, and because I believe that this criminal procedure should be the beginning of a great historic trial that will conclude with a decisive purge of our political customs.

I want to reiterate that the crime for which I accept responsibility is stipulated by Article 1 of Decree No. 1895 of 1989 as the form of illegal enrichment in favor of third parties, that is, the Samper for President Campaign, or the Liberal Party, or Samper Pizano, in accordance with the interpretation the judge may deem more applicable, that of illegal enrichment to increase patrimony or illegal enrichment to improve status.

I hereby state, and repeat, that I did not take campaign funds as treasurer of the 1994 campaign; that I gave all the money that I received in cash, or checks, to the administrative board, always following the instructions of the directors; and that I have accused Dr. Luis Guillermo Nieto Roa of having lied to the country when he said that I took donations made to the presidential campaign.

I believe that these three statement made by Mr. Medina to the Prosecutor General's Office sum up the profound political content of his decision and also provide a clear vision of the political consequences of his decision.

Colombia: FARC Guerrillas Attack Banks, Agrarian Fund

PA1705145596 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 17 May 96

[Report by Leo Quintero from "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Authorities have confirmed that an attack by 30 FARC [Revolutionary Armed Forces of Colombia] guerrillas against (?Dagua) was aimed directly at banks that assist coffee producers and a local branch of the Agrarian Fund. They also have confirmed that minor damages were sustained by the buildings attacked by the guerrillas during their robbery attempt.

Captain Juan Bautista Guerrero, commander of the (?Dagua) Fire Department, has said that the only building that has any evidence of bullet holes is the police station and that no other government office has sustained any major damage:

[Begin Bautista Guerrero recording] The attack began at approximately 2315 last night, and I must say that it was very severe. It would seem as if they were using rockets and grenades and that the shots fired where coming from Galil rifles. The attack, which was very severe and sporadic, lasted until 0200 when it died out abruptly, and everything became very calm from there on.

We have decided to wait for first light to assess the damage the attack caused. [end recording]

At this time the situation is completely calm in (?Dagua), where the police and Army are carrying out joint patrols.

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Colombia: Meta Authorities Declare State of Alert

PA1805204896 Santa Fe de Bogota EL TIEMPO in Spanish 18 May 96

[Received via Internet]

[FBIS Translated Text] Villavicencio — The Meta Department authorities have declared a state of alert due to a threat by the FARC [Revolutionary Armed Forces of Colombia] of an "armed stoppage" during this long weekend, which includes a holiday.

According to messages the rebels have relayed via land vehicles, the action would take place along the highway to the llano starting at 0000 hours today and would last until midnight 20 May, which is the holiday.

It also was reported that the guerrillas have warned drivers to refrain from transiting along this highway. In addition, the owners of eateries along the way were notified of the rebels' intentions.

A special security council was at the governor's office yesterday afternoon and agreed to take preventive measures to guarantee that trucks and buses can move unimpeded.

The highway police in Meta Department as well as the Army have about 100 men ready to counter any guerrilla onslaught along the highway. The police and soldiers have been deployed between the communities of Villavicencio and Guayabetal.

Colombia: ELN Guerrillas Deny Armed Strike Over Long Weekend

PA1905022296 Santa Fe de Bogota EL TIEMPO in Spanish 18 May 96

[Received via Internet]

[FBIS Translated Text] Medellin — Through leaflets distributed in various municipalities in eastern Antioquia Department, the ELN [Army of National Liberation] has denied that the guerrillas will go on an armed strike over the three-day weekend. Public transportation drivers and tradesmen from the area confirmed that they will operate their buses and vans and will open their businesses as on any other weekend.

"The leaflet I found on the floor denied the armed strike; this is why we will work these three days as usual," a spokesman from the Western Transportation Company said. This company offers services to passengers from El Santuario to Medellin. Meanwhile, Rio Negro and Guarne public transportation drivers affirmed that they will operate during the long weekend.

However, some people remain fearful because of the burning of a truck and a Bolivarian Express bus on the evening of 17 May along the Medellin-Santa Fe de Bogota highway. "I do not know what to do; I do not know if I should open or close," the owner of a restaurant located between Guarne and Marinilla said.

According to Guarne residents, the strike warnings and other forms of intimidation were spread through faxes received at businesses located along the highway. Guarne Government Secretary Carlos Alberto Zuleta said that the staging of an armed strike is sheer speculation, adding that no leaflets of any type were distributed in this community.

The truth is that, for the past two months, eastern Antioquia residents are living amid a war of communiques that have left them confused.

Meanwhile, certain municipalities in northwestern Risaralda Department were experiencing a tense calm because of the strong rumors of an armed strike.

The burning of two buses offering interdepartmental service by the guerrillas along the road between Riosucio and Supia (Caldas Department) adversely affected public transportation services, because certain bus companies, such as Western Fleet, suspended their services out of fear.

In Quindio, 8th Brigade Commander Colonel Alfonso Pena Florez pointed out that an alleged armed strike by the guerrillas in the coffee country is a false alarm. He informed the mayors that two dubious pamphlets announcing the strike triggered the speculation.

Colombia: President Receives Show of Support in Guajira

PA1905214596 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1715 GMT 18 May 96

[From "The Midday Newscast"]

[FBIS Translated Text] President Ernesto Samper is in Guajira Department, specifically, in Fonseca. There, he made important remarks. Here is Eliecer Jimenez with a report.

[Jimenez] The ceremony to inaugurate the Ballenas-Barranca central gas pipeline is being held at this time with the delivery of several checks for 900 million pesos, which will be allocated for roads and micro enterprises, and the signing by President Ernesto Samper, Mines Minister Rodrigo Villamizar, and Guajira Governor Jorge Perez of agreements for another 800 million pesos to guarantee the wide availability of gas and 2.3 billion pesos to issue advance bonuses.

In his speech, President Samper said that a revolution of natural gas has begun in Colombia to avert any further

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deforestation in the country. Regarding certain people's recent attacks against him, President Samper said he expects to come out of this situation unscathed and described them as doomsayers. He later asked Guajira residents whether or not they wanted him to resign.

[Begin Samper recording] I am here because, regardless of my enemies, my government is fulfilling its duty with the Colombian people. [crowd cheers] This is why fellow Colombians, I have come here to talk to the people and govern with the people. Do the inhabitants of Guajira want the president to resign? [crowd shouts: "No!"] Do the people in Guajira want me to leave? [crowd shouts: "No!"] Say it louder; they cannot hear you in Bogota. Do you want me to leave? [crowd shouts: "No!"] This is why I am here fellow Colombians. I am not resigning; let them resign. Thanks. [end recording]

Ecuador

Ecuador: Leading Candidates on Major Issues

96SM0304A Quito EL COMERCIO in Spanish
12 May 96

[Interview with Jaime Nebot Saadi; place and date not given]

[FBIS Translated Text] *Create a small and efficient government; do not allow the public sector labor unions to take the people hostage; depoliticize the justice system; have recourse to the referendum [Consulta Popular] as often as necessary; make sure that the military do not engage in any more adventures or veto the decisions of the civilian government; keep subsidies specific and not permanent; and so forth. That is Jaime Nebot.*

[EL COMERCIO] You are proposing a small and efficient govenment, but you have an advertising spot that says there will be no layoffs. Is that not a contradiction?

[Nebot] The state must be reduced in size and the bureaucracy as well, but that does not necessite layoffs. Emetel [Ecuadoran Telephone Enterprise] is an example. When it is converted into a corporation, it leaves the government. Its employees are not going to be laid off: they will remain with the company and become stockholders. Here you will achieve a reduction of 6,000 personnel in only one category of government employment.

The workers are going there with the same rights that they have at the present time, but they will be subject to the rules of the game that prevail in private industry.

[EL COMERCIO] If I understand you correctly, you will not allow the members of the public employees' unions to take the nation hostage. How will you do that?

[Nebot] They would not call their actions strikes. A strike is a labor-related procedure that can be either legal or illegal. If someone takes over a hospital one morning, that is neither a strike nor a work stoppage, from the legal standpoint. It is an arbitrary shutdown, and that cannot be permitted.

[EL COMERCIO] Will you send in the police, or perhaps the military?

[Nebot] The law must be applied, but everything will be done gradually. There will first be dialog, and if the demands are justified, they will be met. As governor of Guayas Province, I always tried to use preventive measures in timely fashion.

If the problem cannot be avoided, it can be referred to the labor tribunals. If the problem cannot be resolved—because a situation has been created that violates the laws and third-party guarantees—the state has to intervene, as in the case of the drivers in Quito, where intervention took place at the last minute and it was demonstrated that the city can be freed of a problem without provoking abuses.

[EL COMERCIO] You want to depoliticize the justice system, take away from Congress the power to appoint the judges, take away the parliamentary immunity of the deputies, and end the secret expenditures. How do you expect to achieve these objectives?

[Nebot] To eliminate the secret expenditures, all that is needed is a decision by the president followed by a decree.

It is very difficult for the Congress to agree to relinquish its ability to appoint judges or to end congressional immunity. In that case, I will resort to a referendum. My party is the only one to date that has voted in favor of this solution, and it did so because it knew it would lose. If it had known it would win, it would not have voted for it.

I am going to introduce the bill, where I will indeed have 39 votes against it, and I personally shall make sure that it is defeated. I shall then approach the referendum with precise questions and without employing politics. In all probability, however, when Congress realizes what is going to happen, the 52 votes will be there in favor of the bill.

[EL COMERCIO] What other issues do you anticipate submitting to a referendum?

[Nebot] Social Security, perhaps, but I would not do it right away. I would first have to demonstrate to the community that the reform program is working. To accomplish this, the existing Social Security system

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would have to be reformed, and that can be done without passing a law.

When the people see that the savings they have placed in the financial system are earning money for them and thereby improving their medical and retirement pensions, they will have the knowledge to choose between state insurance and private insurance. I believe state insurance will always be necessary, because it serves as a regulatory anchor for the other option.

[EL COMERCIO] Will you retain the Social Security payment system?

[Nebot] All I know about that agreement is what I read in the press.

[EL COMERCIO] In your plan, do you say that you would submit the settlement of the dispute with Peru to a referendum?

[Nebot] We must first go forward with the negotiations and go to the referendum when they are concluded, not only in consideration of national unity but because Article 1 of the Constitution— which defines the national territory—does not allow such a transaction unless the Constitution is amended.

There are constitutional reforms that can be accomplished without a referendum, but I believe they should have the support of a united nation.

[EL COMERCIO] At what point in the negotiations?

[Nebot] Chile and Argentina held referendums when they decided to go to the Pope. They knew full well that whatever they decided would be attacked in any case, and for that reason sought authorization from the people.

[EL COMERCIO] Do you intend to provide a definitive solution for the conflict?

[Nebot] Absolutely. That is one of Ecuador's priorities.

[EL COMERCIO] With how many deputies do you plan to go to Carondelet?

[Nebot] With about 30 deputies.

[EL COMERCIO] That is not a majority. What are you going to do in order to negotiate with Congress?

[Nebot] A president has to have a program to remind him of what he said he was going to do and how he was going to do it. If the program is victorious, the first step is dialog. One of the elements of governability is to make the loser—his opponent— understand that there has to be dialog and that it goes without saying that the victorious program is going to be implemented. If his opponent does not understand, you have to resort to a referendum.

[EL COMERCIO] But you cannot hold a referendum every time you do not pass a bill....

[Nebot] Indeed, as many as are necessary will be held. A party that elects 30 deputies to Congress—10 percent [as published] more or less—should be able to obtain a clear majority by negotiation. The opponent may wish to have a highway in his province, and if the highway is truly needed and will eventually be constructed in any case, then it will be constructed in a more timely fashion.

[EL COMERCIO] In other words, "I trade public works for votes...."

[Nebot] No. I would be obtaining votes in order to do something that I am going to do in any event. Therein lies the possibility of decentralizing the government. My opponent will be offeered neither secret expenditures nor government jobs.

[EL COMERCIO] You give the impression that you want to solve problems of governability—which are institutional in nature—by relying solely on your personal skills....

[Nebot] When it is understood that consciences cannot be bought, democracy is maturing.

[EL COMERCIO] Among other things, would you consider having the deputies be elected in the second round rather than in the first?

[Nebot] That is an interesting reform to consider, but all the political parties oppose it. Let us see what the Ecuadorans think. They have, generally speaking, always been opposed to it, because they regard Congress as a check on the Executive Branch.

[EL COMERCIO] You speak of converting human rights into government policy. You so state in your governmental program, but you do not say how it would be accomplished.

[Nebot] A declaration of citizens' rights already exists. There has to be a government that will honor those rights, and if it fails to do so, there should be someone to take legal action in behalf of the aggrieved parties. There should also be an independent court system to impose sanctions.

If instead of protecting human rights, a president of the Republic becomes a predator, there should be someone to impose sanctions on him. For that reason, the court system must be depoliticized.

[EL COMERCIO] What assurances—what guarantees—do you provide that you will be tolerant of criticism?

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[Nebot] The press will have freedom of expression. Moreover, that is an appropriate relationship to have, because all previous governments have suffered from a failure to communicate..

[EL COMERCIO] You speak of creating two ministries (Culture and Sports) but you gave the impression that you want to create another one: a Ministry of Foreign Trade.

[Nebot] I have not proposed that, but I do in fact agree that a governmental body should be created—as I have already proposed—to manage trade in collaboration with the private sector, which is the productive sector. There will be a new body that has no connection with any other institution.

[EL COMERCIO] You do not include any figures in your plan. Do you not have any, or is it that you do not want to give any precise figures?

[Nebot] I like to work with concepts and not give details that may be misleading. I could tell you that I am going to create X number of jobs, but I prefer to say that I will create as many as possible. Interest rates will come down as much as possible. I will lower inflation to a minimum, but by means of a basic factor, namely production—not as the present government did by employing recessive monetarism, which reduced purchasing power.

[EL COMERCIO] Will you retain the subsidies?

[Nebot] Generally spepaking, I do not believe in permanent subsidies. The gas subsidy will continue so long as the economy does not improve.

[EL COMERCIO] Will you build another oil pipeline?

[Nebot] It is obvious that the capacity for transporting petroleum must be increased, but this should be done by choosing the best economic option by competitive bidding. The proposal that is best for our country should be selected, in an open and competitive process.

[EL COMERCIO] Under your administration, would the Armed Forces be able to veto the construction of another oil pipeline?

[Nebot] No. The Armed Forces do not have the ability to veto decisions by the civilian authority. The armed forces have a mission worthy of respect—and it should be respected—but they cannot aspire to become the final arbiter, as in the case of the Electrification Act.

[EL COMERCIO] Could the Armed Forces create new enterprises?

[Nebot] No, because that is not its function.

[EL COMERCIO] Will the existing enterprises continue to exist?

[Nebot] Yes. I do not believe in looking backward, except in order not to stumble twice over the same problem.

[EL COMERCIO] Will you retain the formula for raising gasoline prices?

[Nebot] I shall repeal it on my first day in office. It is one thing to raise money for the state, and quite another to distort the process for obtaining those funds. I believe that the law that gives the president the authority to set the administered prices is correct. What is inappropriate are the regulations, which should be repealed: they are a fraud.

Raising prices on fuel is a hidden tax that the Executive Branch uses to extract money from the consumers. The concept for raising prices should be: a floor for the costs of production, and a ceiling for world prices.

[EL COMERCIO] Are going to reduce investment, renegotiate the foreign debt, or reduce the size of government?

[Nebot] We shall obtain the necessaray funds by eliminating unnecessary spending in the budget, and not by reducing public investment but by prioritizing investment by the public and improving the collection of taxes. I propose to make nonpayment of taxes punishable by imprisonment—for there is no other way to combat tax evasion—but taxes should be fair for everyone: in other words, the rates should be reasonable. And we shall obtain funds by a program of modernization to enhance the well-being of our citizens. I prefer not to use the word "privatization," because the present government has debased its meaning.

[EL COMERCIO] Words do not change the nature of the problem. What are you going to privatize?

[Nebot] The capitalization that I am proposing is a form of privatization, but it will not be the kind of privatization employed by the present government, which has sold the enterprises without privatizing anything.

[EL COMERCIO] Then you will privatize everything?

[Nebot] Everything that is of interest, because it will benefit the entire nation.

[EL COMERCIO What will you do about the foreign debt?

[Nebot] It has to be paid. There are two ways to do that. The debt can be converted into capital; the best way to renegotiate the debt, however, is to repurchase it, not with money from the reserve but with new credit.

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[EL COMERCIO] You have allied yourself with Diego Cordovez. Where do you stand today, politically speaking?

[Nebot] Where I have always stood. I believe in a social market economy, in which the efficiency of the marketplace has nothing to do with solidarity—which is necessary—or with paternalism.

Privatize or Capitalize Everything

1. The State: Political Reform

a. The program is everything: Engage in dialog, and seek a majority in Congress. Decentralize, and eliminate the overlapping of powers among local governments.

b. The option: If a consensus cannot be obtained, a referendum is the option for achieving the objectives outlined in the governmental program.

2. Corruption: Structural Change

a. The law: Transfer to Electoral Boards the power currently held by Congress to appoint the justices of the CSJ [Supreme Court], in order to depoliticize the system.

b. Actions to be taken: Eliminate the secret expenditures, secret contracts, congressional immunity, and the prescription of penalties for crimes of embezzlement.

3. Security: Penalties and Prevention

a. The law: Make the penalties more severe: life imprisonment for kidnapping, and death if accompanied by rape or robbery. Total respect for human rights.

b. The police: Sufficient resources for protection and an improved physical structure, together with prison reform.

4. Diplomacy: A Modern Concept

a. The national border: Hold a referendum on the question of the acceptance or rejection of a definitive solution of the territorial problem involving Peru.

b. Globalization: Encourage openness toward the world by the adoption of clear-cut policies on tariffs, labor, foreign exchange, and administered prices.

5. Energy: Quality and Low Prices

a. Electricity: Implement the Electric Power Act, improve the performance of the hydroelectric power plants, repair the thermal electric plants, exploit the gas of the Gulf....

b. Petroleum: Legal reforms to equalize taxes and contractual procedures. Increase exports, environmental monitoring, and quality control.

6. Employment: Through Increased Investment

a. Increase production: Generate employment by the revitalization of agriculture, reforestation, industrial reconversion, mining, tourism, and small business.

b. How to do this: By means of clear-cut rules for investment, low interest rates, regulated marketing, and the introduction of technology.

7. The Economy: Efficient Management

a. Stability: Quality, and competitive prices for fuels and energy. Restore the fluidity of production, and obtain real parity in foreign exchange.

b. More financial resources: Eliminate unnecessary spending; improve the collection of taxes; facilitate access to credit; capitalize or sell state-owned assets.

8. Modernization: Reconcile the Various Interests

a. The law: Convert state enterprises into corporations in which the private sector performs the management function and guarantees the investment.

b. Social orientation: Transfer the stock to the Solidarity Fund, which by law destines these resources to public works of a social character.

9. Public Works: They Must Be Energized

a. Joint action: A new law governing contracts that will incorporate reports from the comptroller and the attorney general and will apply to housing and basic services.

b. Mechanisms: Concessions, the incorporation of UVC's [expansion not given], and low interest rates. The state will finance public housing.

10. Health: Toward Comprehensive Reform

a. A national plan: Dissemination of programs providing for preventive medicine, nutrition, potable water, and sanitation.

b. Generic Drugs: Access to medicines, by means of a careful selection of suppliers of products of the therapeutic Basic Framework (the generics).

11. Education: Investment and Selective Spending

a. Mass Education: Promote long-range education, the technical baccalaureate, languages, and computation. Increase coverage and improve quality.

b. Funding: In regard to the budget, private sponsorship accompanied by surtaxes, differentiated pensions, and the provision of services.

12. Social Security: Efficient and Timely Service

a. The method: Sell unproductive assets of the IESS [Ecuadoran Social Security Institute] and utilize them

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in the financial system. Invest the contributions in the production economy.

b. Competition: Carry out a reform to enable the IESS to compete with the ... [word or words missing in text], but only if the IESS achieves efficiency.

Ecuador: Leading Candidates on Major Issues

96SM0304B Quito EL COMERCIO in Spanish
9 May 96

[Interview with Freddy Ehlers Zurita; place and date not given]

[FBIS Translated Text] *Although Freddy Ehlers has not yet specified the procedure for convening a Constituent Assembly—one of the proposals in his program—he says it is necessary in order to govern. On the subject of the economy, he maintains that the privatizations will be carried out on a case-by-case basis. He intends to retain the subsidies for gas, electricity, and telephones. He defines himself as a neostructuralist.*

[EL COMERCIO] What specific steps will be taken to convene the Constituent Assembly that you are proposing?

[Ehlers] During the second round I shall be conferring with the different sectors of society, because my desire is not to impose a model: I am someone who believes in consensus. The professionals, the chambers of commerce, and the indigenous population will be encouraged to voice their opinions concerning the proposal. I have been waiting until the second round to present the details of the proposal.

[EL COMERCIO] Have you not yet decided on any procedure?

[Ehlers] The people will be consulted, and one or more options will be presented, for example: Do you want a referendum to be held, yes or no? If you in fact want to have several alternatives, the Constituent Assembly could be—as in the case of Colombia—an assembly functioning in parallel with the Congress, although in Colombia the Constituent Assembly ultimately dissolved the Congress. There is no Carreno manual to tell us how to hold a Constituent Assembly. That is what the people will decide. The Assembly will have the sole and exclusive function of drafting the new basic charter of the nation—together with the corresponding regulations—and it will have one year to carry out that task.

In my opinion it is preferable at this point for the district system of elections—which I more realistically call the cantonal system—to begin to function. At the present time, in many cases, the leader, the political boss, and the seven bodyguards are chosen for the second, third, fourth, and fifth places on a given slate of candidates.

[EL COMERCIO] But would you eliminate the Congress, or would you not?

[Ehlers] That depends. The idea is that the Constituent Assembly would devote itself exclusively to planning for the Ecuador of the 21st century and not play an investigatory role. The Congress would perform its functions of legislation and investigation.

[EL COMERCIO] But would not the same system as that of the Congress be replicated in the case of the district candidates?

[Ehlers] The most complex question is: Who have rights, and who decides what those rights are? For that reason, a referendum is indispensable to enable the different sectors of society to arrive at an accord. I would like to have the membership of the Constituent Assembly include our former presidents.

The Constituent Assembly is not for the traditional politician but for the university professor, the schoolteacher, and the neighborhood leader.

[EL COMERCIO] How will you handle a Congress that opposes the convening of a Constituent Assembly?

[Ehlers] That is like asking Nebot how he is going to govern if everyone opposes him and he has only a minority to support him.

[EL COMERCIO] Nebot has an answer for that. We would like to know yours.

[Ehlers] The referendum and the Constituent Assembly are my ideas. I will not allow Congress to prevent Ecuador from being governed. I will call a referendum, and if I conclude that Congress is offering the president of the Republic a choice between a bribe and obstruction of his governmental program, I will ask the Constituent Assembly to take over the functions of the legislative branch. The Assembly would be a legislature in which the president would have the support of the people and in this way have majority support. Another option would be to consult the people every quarter of an hour on each governmental decision, so that the people's will would prevail over the wishes of Congress.

[EL COMERCIO] If it is possible to legislate, is it likely that you would not convene a Constituent Assembly?

[Ehlers] It is essential that a Constitutional Assembly be convened. My ideal scenario is for us to have a rational Congress that knows it has an honest president. In that way, there will be a harmonious relationship. The Constituent Assembly will devote its efforts to the Ecuador of the future and to the Congress of the present.

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[EL COMERCIO] Can you give us a time frame?

[Ehlers] I believe that the Constituent Assembly will be able to develop the new legal structure of the state in one year.

[EL COMERCIO] But the referendum has to be held first. When will you convene it?

[Ehlers] I could not say, because that depends on relations with Congress. If the situation is difficult, immediate action will have to be taken.

[EL COMERCIO] And what will the Constituent Assembly cost? Keeping quality personnel working for a year entails a high cost.

[Ehlers] Two episodes of Hyperoil [as published] would pay for it. According to some studies, corruption represents 12 times the annual budget of the Ministry of Public Health and 3.5 times that of the Ministry of Education. The cost of the Constituent Assembly is acceptable for the nation.

[EL COMERCIO] Although the Ehlers program apparently does not give the state an administrative role, it speaks of strengthening Petroecuador [Ecuador State Petroleum Enterprise]....

[Ehlers] The state should be an efficient regulator and administrator. The problem is basically how to perform these functions and not just formulate the laws for the macroeconomy. The state should have responsibility for certain areas of society: education, health, transportation, research, and to some extent the infrastructure but should decrease its participation in production.

[EL COMERCIO] Is the government that you propose going to be larger or smaller?

[Ehlers] It will be neither larger or smaller but more efficient.

[EL COMERCIO] But an unqualified bureaucrat cannot become a top technician....

[Ehlers] The personnel will have to be qualified and retrained. We must work with the people we have. The best people have left, because of the absurd practice of buying resignations. Government personnel must adapt to modern practices. I have faith in people.

[EL COMERCIO] What will be the nature of private investment in sectors such as electrification or communications?

[Ehlers] It will be very extensive. We will not necessarily sell the assets. They will be sold if the enterprises are losing money and are poorly managed by the state. I am not a fundamentalist; the privatization will be carried out on a case-by-case basis.

[EL COMERCIO] Are there any proposals with respect to electric power?

[Ehlers] In the field of electric power, I anticipate the participation of the private sector: for example, in the utilization of the gas of the Amazon Region and in the establishment of new hydroelectric power plants. The state does not have the financial resources for the purpose. If a state enterprise is efficient, it will remain in the hands of the state; if not, it could be privatized. I will not allow an asset to pass into private hands if it is not converted into human capital. Health and education are necessarily the two strategic sectors.

[EL COMERCIO] A kind of Solidarity Fund?

[Ehlers] No, it is different. That fund is a kind of small bank. What I am asking for is specific plans, together with their cost.

[EL COMERCIO] Has Petroecuador been efficient?

[Ehlers] Yes. I believe it should be converted into an autonomous state enterprise to compete with new private companies that are formed without using state assets. Selling Petroecuador would be incomprehensible.

[EL COMERCIO] What opportunities would there be for private investment in the petroleum sector?

[Ehlers] The same as today. Private enterprise engages in thousands of activities, ranging from the oil pipeline to exploitation.

[EL COMERCIO] Will you privatize the oil pipeline?

[Ehlers] I do not propose privatization of the existing oil pipeline, but propose instead that the private sector make new investments.

[EL COMERCIO] What about the roads?

[Ehlers] The concession system is of interest, not only for the major highways but for the rural roads as well, which can be maintained by the local communities. My administration will give priority to cooperation with community and working-class sectors: that is my interpretation of decentralization.

[EL COMERCIO] What can be done about the failure to pay taxes in Ecuador?

[Ehlers] Those who are not paying taxes are going to prison. Here in Ecuador, no powerful or wealthy person has ever been put in prison. I shall create a Presidential Commission to fight corruption, and I am preparing a law that has teeth in it.

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[EL COMERCIO] Won't the prisons be filled to overflowing?

[Ehlers] After the first three powerful individuals have gone to prison, the prisons will be empty. It is a question of setting an example.

[EL COMERCIO] How are you going to collect taxes from the informal sector of the economy?

[Ehlers] There will have to be negotiations, as with other sectors. The small informal businessperson must be protected the same as the person who pays no income tax because he earns low wages. Large-scale informal operators, however, will have to meet their obligations.

[EL COMERCIO] Do you advocate any type of subsidy?

[Ehlers] I look with favor on the housing and savings subsidies, which have been used in Chile, a very neo-free market country. Savers there are rewaraded. Subsidies are neither good nor bad per se.

[EL COMERCIO] What about the gas subsidy?

[Ehlers] A subsidy will have to be continued. It is too early to say how much it would be, but formulas must be found. It is very difficult to sell gas at market prices and provide subsidies for the working-class sectors.

[EL COMERCIO] And transportation?

[Ehlers] It has to be subsidized, as it is everywhere in the world.

[EL COMERCIO] The telephone system?

[Ehlers] The cumulative subsidy should be retained. Mine will be an information-oriented administration. The telephone system is one of the options.

[EL COMERCIO] International long-distance calls are very expensive, and that frightens investors away.

[Ehlers] That's the way it is. There are international standards, without which we cannot open our country to foreign investment. That is part of the internal negotiations between workers and employers. We have to accept these standards.

[EL COMERCIO] In your governmental plan you say that productive investment will receive certain privileges, but not speculative investment. How can this be accomplished? Will interest rates be lowered? In that case, how can speculation with the dollar be avoided?

[Ehlers] There are a number of options. One is to reinforce the CFN [National Financing Corporation] to enable it to make loans through the banking system—at preferential interest rates—for small industry and small growers.

Another possibility is payment of the government's debt to the Social Security system, to enable the latter to invest in the production sector in accordance with special laws. This would solve three problems: Social Security gets paid, productivity is enhanced, and the pensioners receive their interest.

[EL COMERCIO] Will prices be controlled?

[Ehlers] I do not believe in price controls, except in specific cases. The state should be a regulator. There is no statist state, and no neo-free market state.

[EL COMERCIO] Does Candidate Ehlers generate a lack of confidence among foreign investors?

[Ehlers] No. I am proposing a plan that resembles Cardoso's plan in Brazil, a plan that is viewed with confidence in international circles. My proposal is close to neostructuralism, which is the alternative to neo-free marketism and to the substitution of domestic products for imports. I advocate a mixed democratic model.

[EL COMERCIO] There are sectors of the economy such as shrimp fishing and flower growing that are not in compliance with the environmental regulations. What should be done?

[Ehlers] I shall support those sectors, but they will have to comply strictly with the environmental laws, and to that end I shall promote a program of research. These proposals are also applicable to the forest products sector.

[EL COMERCIO] Will you retain the petroleum reserves?

[Ehlers] Petroleum production should not be increased materially. Our responsibility is to be faithful to historical precedent.

[EL COMERCIO] What is your formula for negotiations with Peru?

[Ehlers] First of all, I will appoint a commission to represent our country. The territorial problem is not a problem either for the government or for the state: it is a problem for everyone.

The diplomatic sector should be representative of the various sectors of the population, not just of the government. I shall, moreover, consult the former presidents, and lastly, I shall consult the people.

First of All: Political Reform

1. Corruption: Flanks to Be Attacked

a. By law: An anticorruption law; reforms in the law covering government contracts; reforms in the court system, including the question of jurisdiction.

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b. More mechanisms: Self-regulation; deconcentration of the investigatory function; and information concerning procedures (for transactions) and penalties.

2. Reactivation: The Strategies

a. Financing: Attract investment; encourage saving; and provide more options for small producers to obtain financing.

b. Other steps: A short-term economic plan; information concerning investment projects; and improvements in the control of the utilization of financial resources.

3. The Border: The Territorial Problem

a. The two factors: The Ecuadorans' desire for peace and justice form the basis for the talks between the two countries.

b. Popular support: The agreements that will be reached with Peru should receive the support of a majority of Ecuadorans.

4. Politics: Integrated Change

a. The ace card: The convening of a National Constituent Assembly to put the nation on a sounder footing and establish the new legal and institutional structure.

b. Integration: The procedure for selecting the delegates should be studied, so that the diverse sectors of the nation will feel that they are represented.

5. The State: The Two Areas

a. Guarantees: Confidence, based on respect for the law; and effective supervision and control of the performance of the economy.

b. Redistribution: Financial resources will be destined for education, health care, environmental protection, and the campaign against poverty.

6. Social Security: New Services

a. A national system: Social Security will deal not only with the requirements of the member but of his or her family as well, by means of a reform.

b. Dialog: Dialog will be the initial step toward arriving at an agreement concerning the changes that should be made in the system.

7. Health: Reinforcement of Health Services

a. Two priorities: Development of a plan for hospitals and sanatoria, and emphasis on primary care.

b. Other programs: Mass vaccination; nutritional supplements; and community participation in the administration of the services.

8. Education: An Alternative Campaign

a. The priority: The indigenous and peasant populations will incorporate technologies into their apprenticeship programs, and intercultural and bilingual education will be strengthened.

b. A change of goals: Greater development of human intelligence; the practice of ethics; and the development of language and communication skills.

9. Ecology: Guarantees for the Future

a. Effective application: A national agency will be in charge of compliance with existing laws and the punishment of violators.

b. Four additional measures: environmental planning and education; ecological tourism; and the environmental economy.

10. Energy: Two Controversial Sectors

a. The petroleum sector: Petroecuador will be strengthened, and its participation in the exploration and operation of the Sote field and the refinery will be continued.

b. The electric power sector: The hydroelectric projects that have been initiated will be completed; and the study of those that have been proposed will be concluded.

11. Nationality: Genuine Equality

a. Another point of view: Equal attention in education, health care, nutrition, housing, and Social Security for the cultural and ethnic minorities.

b. Nothing gratis: Participation and self-management will be the balancing entry of these groups, in order to achieve their integration and development.

12. Science: The Mechanisms of Development

a. Research: Strengthened support for the fields of research, science, and technology is one of the objectives in connection with development.

b. UN Resolutions: Its resolutions—especially those that relate to the environment—will be adopted for the purpose of adapting them.

Ecuador: Duran-Ballen Delivers Message to Nation

PY1805033896 Madrid EFE in Spanish
0259 GMT 18 May 96

[FBIS Translated Excerpt] Quito, 17 May (EFE) — Ecuadoran President Sixto Duran-Ballen delivered a message to the nation today to reiterate that his government does not have any official candidates and to ask the population to "look to the future of our country with optimism," in reference to this Sunday's [19 May] general elections.

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Duran-Ballen said that the Ecuadoran Government "does not have an official candidate, nor does it have any preference or inclination." He added: "Our impartiality is absolute, not only in relation to the presidential candidates but also in relation to the provincial and congressional candidates."

In a call to the people who will elect the next president of the country, Duran-Ballen said: "Let's look to the future of our country with optimism and with our vote let's contribute generously to its progress and prosperity."

"Democracy is our greatest asset," said Duran-Ballen in a message broadcast on radio and television network. He added that "I have thoroughly respected the necessary and natural independence between the state branches" by avoiding "the absurd, useless, and shameful situations of disputes and conflicts."

In reviewing his administration that began after the 1992 general elections, Duran-Ballen said his administration "did not have a single political prisoner or anyone persecuted for political reasons" and that "freedoms and constitutional rights have been fully respected." [passage omitted]

Ecuador: TSE President Declares Elections Officially Open

PA1905131196 Madrid EFE in Spanish 1222 GMT 19 May 96

[FBIS Translated Text] Quito, 19 May (EFE) — Carlos Pardo, president of the Supreme Electoral Tribunal (TSE), today declared officially open the fifth general elections held since the country restored democracy.

In a brief ceremony at the TSE headquarters in Quito, Pardo urged fellow Ecuadoreans to participate in today's elections, which will take place from 0700 until 1700 local time, "for all of us to forge the country's future together."

President Sixto Duran-Ballen, Congress President Fabian Alarcon, and General Jorge Ortega, chief of the Armed Forces Joint Command, as well as the international observers who will oversee the smooth progression of the electoral process, attended the ceremony.

The 6.6 million eligible voters in Ecuador will choose their main officials today at the municipal, provincial, and national levels, including the president and vice president of the Republic, in the country's 21 provinces.

Ecuador: Leading Authorities Enter Electoral Headquarters

PA1905132196 Quito Voz de los Andes in Spanish 1154 GMT 19 May 96

[Report by Marco Antonio Bravo from the headquarters of the Supreme Electoral Tribunal in Quito — live relay]

[FBIS Translated Text] The sirens have sounded here at the headquarters of the Supreme Electoral Tribunal [TSE] announcing the official start of the electoral process as of this very moment. At this time, the country's leading authorities, including the president of the Republic, the president of the National Congress, and international observers are entering the TSE headquarters.

Ecuador: Minor Irregularities Reported in General Elections

PY1905203996 Madrid EFE in Spanish 1849 GMT 19 May 96

[By Gonzalo Solano]

[FBIS Translated Excerpt] The many defects in organization and the sparse participation of voters marked today the beginning of the general elections in Ecuador to reelect its main officials, among them a new president to replace conservative President Sixto Duran-Ballen.

There were many reports of irregularities, mostly organizational, in the first half of election day in the polling stations of some of the 21 provinces of the country of about 11 million people, of which 6.6 million are registered to vote.

The main irregularities included names that did not correspond to pictures, candidates of one party under the symbol of another party, voters who were not listed in their districts, wrong ballot papers, and "deceased" voters.

As the elections continued there were more reports of alleged irregularities and television showed an argument between the followers of the Social Christian Party (PSC) and the Ecuadoran Roldosist Party (PRE).

According to the latest poll, PSC presidential candidate Jaime Nebot will be in the runoff elections to be held on 7 July with the presidential candidate receiving the second most votes. The second position is between fought between populist Abadala Bucaram of the PRE and independent candidate Freddy Ehlers, who has the support of the indigenous community and various social movements. [passage omitted]

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Ecuador: Police Arrest 12 People During Elections

PY1905215496 Madrid EFE in Spanish 2023 GMT 19 May 96

[FBIS Translated Excerpt] Quito, 19 May (EFE) — Police sources reported that the main incidents during the general elections in Ecuador today were the arrest of 12 people and the firing of a shot at a polling station.

National police sources told EFE today that since 17 May, the police have arrested 433 individuals for violating the law prohibiting the consumption of alcoholic beverages that went into force 48 hours before the beginning of the general elections.

The police arrested 12 individuals today, one in Guayaquil and 11 in Bolivar Province, for conducting "electoral campaign" activities.

The other events were the firing of a shot with a 38-caliber revolver at a polling station in Imbabura Province and the obstruction of the transportation of electoral material to El Oro Province (southwestern part of the country). [passage omitted]

Ecuador: General Elections Progress 'Uneventfully'

PA1905222396 Mexico City NOTIMEX in Spanish 1853 GMT 19 May 96

[FBIS Translated Text] Quito, 19 May (NOTIMEX) — Electoral sources revealed today that the general elections in Ecuador have progressed uneventfully for the first half of the day, the time during which voter turnout had been increasing throughout the country.

Guillermo Estrella, vice president of the Supreme Electoral Tribunal (TSE), told the media "the elections are progressing uneventfully," except for minor problems that by no means will change the course of the process.

Ecuadoreans today will elect two candidates to the Presidency who will participate in a runoff election, slated for 7 July, as well as the new members of Congress and the leaders of the municipal and provincial governments.

According to reports, at noon there were citizens waiting for their turn to vote, lining up outside the voting booths in Quito, the capital.

Up to noon, the electoral process had evolved without major snags, except for problems with the supply of ballots or misaddressed documents to certain polling sites in Guayaquil, the city with the largest number of voters in the country.

Meanwhile, reports from the country's interior indicated the omission on ballots of candidates for deputies in the Amazonian province of Zamora Chinchipe, the suspension of the process in the region of Pajan, in the coastal region, and a lack of ballots in Arenillas, located along the border with Peru.

In the southern provinces of Loja and El Oro, in the border area with Peru, reports stated that the elections went on uneventfully. Despite a glaringly low voter turnout in Tungurahua, central Ecuador, it has been predicted that more voters will go out to vote this afternoon.

The five presidential candidates whom polls have predicted as the most likely to win the first two places voted this morning in their native towns.

Jaime Nebot Saadi, of the Social Christian Party, and populist Abdala Bucaram voted at their respective polling sites in Guayaquil, while center-leftist Freddy Ehlers and centrist Rodrigo Paz Delgado did likewise in Quito.

The activities along the border with Peru, a country with which Ecuador staged an undeclared war in the first months of 1995, remained open to the free transit of people and flow of commerce and subject to strict surveillance on the two sides.

Ecuador: Elections in Catarama Suspended After Employee Killed

PY1905223496 Quito Voz de Los Andes in Spanish 2134 GMT 19 May 96

[FBIS Translated Text] We have a live relay by Teresa Brigio from Los Rios Province.

[Begin relay] [Unidentified reporter] Good afternoon, this is Voz de los Andes in Quito. We understand that the elections have been suspended in some districts of Los Rios Province.

[Brigio] I would like to report that the elections here were suspended because of disturbances. Apparently one member of List 214 was not included and his supporters carried out disorders, breaking ballot boxes and throwing them around [words indistinct] in Catarama. The disorders ended with the death of a man who was working at the polling station classifying documents [words indistinct]. I wanted you to be aware of the situation.

[Reporter] We would like to know if the elections were suspended at the provincial level or at the canton or district level.

[Brigio] At the canton level.

[Reporter] What canton?

[Brigio] The Urdaneta canton.

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[Reporter] How large is the electorate in that canton?

[Brigio] I don't know exactly, but it's a large canton. [end relay]

Ecuador: Nebot, Bucaram To Face Runoff Elections

PY1905225396 Quito Voz de Los Andes in Spanish 2225 GMT 19 May 96

[FBIS Translated Excerpt] The television stations are already disclosing the unofficial results of the general elections. Two television stations have reported that Jaime Nebot and Abdala Bucaram are the first and second winners of the general elections. The report says Jaime Nebot reportedly received 29.8 percent of the votes and Abdala Bucaram 25.6 percent. Third is Freddy Ehlers with 19.4 percent, and fourth is Rodrigo Paz with 13.6 percent. [passage omitted]

We have information from the exit polls: We'd like to announce that the candidates who will participate in the runoff elections are Jaime Nebot, from the Christian Socialist Party, with 28.8 percent of the votes; and Abdala Bucaram, from the Ecuadoran Roldosist Party, with 24.8 percent. [passage omitted]

Ecuador: Bucaram To Seek Alliance in Runoff Election

PY2005010496 Quito Voz de Los Andes in Spanish 2250 GMT 19 May 96

[FBIS Translated Text] We have a live relay by Gustavo Quinteros from the house of Abdala Bucaram.

[Begin relay] [Quinteros] The news conference given by Abdala Bucaram, who will participate in the runoff elections with a significant percentage of support, just ended. I am in Bucaram's house, located in a residential district of Guayaquil, where important leaders of the Ecuadoran Roldosist Party and important personalities have gathered. Bucaram talked to the media about his success in the elections.

[Begin recording] [Unidentified reporter] [Question indistinct]

[Bucaram] [Words indistinct] because only one month ago Jaime Nebot had 35 percent of the votes and Bucaram only 8 percent, but now the difference is only three points. Those figures were deceiving [words indistinct]. I always knew Nebot would be in the runoff elections [words indistinct]. Everyone admits that we will have at least 22 deputies [words indistinct] really becoming the first national political force in relation to [words indistinct]. I am satisfied with the elections and I know I have a great responsibility, the responsibility to win the runoff elections, and the responsibility for national coalition in order to do away with hate and crime.

[Reporter] [Question indistinct]

[Bucaram] I believe [words indistinct] the alliance must be with the entire country [words indistinct]. The alliance must be against political oligarchy, which is a political organization that is again trying to get into the government to make state business, against the mafia that must be kept under control with an honest government, [words indistinct]. There must be political measures with a new concept of sovereignty, with a new treatment of the foreign debt, with a new role of the national and international banks with the state, with new bilateral relations, and with a new foreign trade policy.

[Reporter] [Question indistinct]

[Bucaram] [Words indistinct] because I intend to make large alliance [words indistinct].

[Reporter] [Question indistinct]

[Bucaram] [Words indistinct] the presidential candidacy of the Ecuadoran right is finished, that is unquestionable.

[Reporter] [Question indistinct]

[Bucaram] [Words indistinct] and calling on the Ecuadoran people to a public debate [words indistinct].

[Reporter] What will you do with the majority of the Social Christian Party in Congress? What would you do to govern [words indistinct]

[Bucaram] It will be a weakened majority because according to the formation of the new Congress, there are about 50 deputies in each region [words indistinct].

[Reporter] [Question indistinct]

[Bucaram] We are trying to reach an agreement with Peru, which is our traditional rival [words indistinct], and an agreement among Ecuadoreans to reach an alliance to organize a government.

[Reporter] [Question indistinct]

[Bucaram] I believe we must show the positive rather than the negative. [passage indistinct] [end recording] [end relay]

Ecuador: Ehlers Refuses To Concede Defeat

PY2005013096 Quito Voz de Los Andes in Spanish 2356 GMT 19 May 96

[FBIS Translated Text] Freddy Ehlers, presidential candidate of the New Country Movement, which according

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to the exit polls will not participate in the runoff elections, questioned the poll results by saying that the vote of the indigenous people, which will be favorable to him, have not been counted yet.

Ehlers said: I have been informed that there was no exit poll among the majority of the indigenous communities. He added: We are waiting for the final results, that 8 percent of indigenous people, many of whom were not questioned in the exit polls.

According to two exit polls taken among 140,000 and 84,000 voters, Social Christian Jaime Nebot received the most votes in today's elections.

But Nebot's victory was not enough because he did not get the 51 percent needed, therefore he will have to take part in the runoff elections on 7 July with Abdala Bucaram of the Ecuadoran Roldosist Party, who received the second-most votes.

Surrounded by friends in his house, Ehlers, who according to the exit polls received the third-most votes, said he is very happy with the support he received, taking into account that he became a presidential candidate only two and a half months ago, and that he spent less than 1 percent than the other candidates did.

I will respect the will of the people and I will do it when I receive the official results, Ehlers told the "Option 96" television program. He also recalled that many deputies reported very serious irregularities in today's elections.

Ecuador: Nebot Gives News Conference on Victory

PY2005034296 Quito Voz de Los Andes in Spanish 0005 GMT 20 May 96

[News conference by presidential candidate Jaime Nebot, Social Christian Party, at the Ramada Hotel in Guayaquil; broadcast in progress — live]

[FBIS Translated Text] [Nebot, in progress] ...the people voted for the country, for the future, for the well-being of their families. The people voted for knowledge putting aside ignorance, the people voted for honesty, against those who are dishonest. They voted for solidarity and against those who are not. The people voted for success against failure. They voted for the future over the obsolete past. They voted for their country, for their people; they voted for the country we deserve. I believe this is a victory for Ecuador, for the Ecuadoran people, and a great democratic step ahead.

[Unidentified reporter] Taking into account that you knew you were going to be in the runoff elections, have you established your strategy for the new elections?

[Nebot] The strategy for the runoff elections will be exactly the same strategy followed for this election. There were several candidates in this election and I believe most of them have shown from their different points of view maturity, sincerity, a desire to serve the country. This is what democracy is about. We won, the others did not but I believe now more than ever that the two options are clear. The option for future and success, and the option for continuing to live like we are now or worse. Therefore, I will continue talking and listening to the Ecuadoran people, and proving to them that I know their problems, that I have concrete plans to give them work, food, health, and education, to give them the needed security that was lost in the country, to give them public projects. This is what the people want.

[Reporter] Former President Febres Cordero said there will be no alliances for the runoff elections. What can you tell the country about this?

[Nebot] That our great alliance is with the people. There are many more honest than dishonest people in Ecuador. There are many more Ecuadorans who love their country, who want to overcome obstacles, who want a future for their children, who want to move ahead than those who do not. This is what the runoff elections are all about, it is about those who love and do not love this country. There can be no truce to that.

[Reporter] Will you hold a debate with candidate Abdala Bucaram?

[Nebot] I demand that the Ecuadoran people be respected. In the runoff elections in 1992, Jaime Nebot and Sixto Duran-Ballen were prevented from debating; an effort was made to prevent the country from fully knowing the two candidates. Had the country known them, they would have not elected Duran-Ballen for president. This is what we know now but who will give Ecuador back those four years, who will give the lost lives back? What about the misery we lived? This is why I believe we must debate; it must be a serious debate without advisors, without pre-established questions, without notes, without a time limit where Ecuadoran society, the media above all, can ask important questions. Learning about human beings is very important. In the province where the two candidates who will participate in the runoff elections are best known, I have double the votes than my opponent. Therefore, it is important that the country know us well so that they cannot make a mistake again.

[Reporter] What is the difference between the previous elections, in which you also participated as presidential candidate, and this one?

[Nebot] I believe in this case my opponent, if I can call him my opponent, is a much easier opponent, although my real opponents are the Ecuadoran people,

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hunger, misery, unemployment, and lack of services, health, and education. But there are now two men who represent two styles, two objectives, who have different backgrounds. Therefore, I believe it will be much easier for the Ecuadoran people to elect one of them, because 75 percent of the Ecuadoran people already did. The people no longer respond to political leadership, the people respond to their feelings, beliefs, and desires. In one way or another the ones who voted for candidates Rodrigo Paz, Freddy Ehlers, Jacinto Velasquez, Frank Vargas and other candidates are people with different criteria but who reject violence, theft, and lies. Therefore the people know what path to follow. I am sure the people will follow that path this time.

[Reporter] [Words indistinct] how to get the votes in those provinces that voted for the other candidate, Bucaram?

[Nebot] You don't have to get those votes, the votes in the first round of the elections were already given to the candidates, what you have to get is the votes of those who did not vote for the candidates who will be in the runoff elections. You can rest assured that if you evaluate the rejection the other candidate has because of his many defects, it will be easy for the Ecuadoran people to support the one who will benefit them. The Ecuadoran people vote more for themselves than for a candidate, because they are voting for their future, their neighborhood, their families. As a country we already suffered an experiment in the last four years. We have already been the guinea pigs. The poor, the ones who have less, the ones who need most are the ones who suffer most. I believe the country has matured, and the country wants progress, future, success, and reality.

[Reporter] Taking into account that the country needs tranquility after living years of misery, death, and lack of security, don't you believe it is best to propose a coalition because it is expected that the runoff elections, as the country knows the two candidates and their platforms, will be very intense. What do you recommend to the Ecuadoran people, and what can you tell the other candidate, Bucaram — to have the runoff elections be one of peace and not war?

[Nebot] The people know that I carried out a positive campaign, a decent campaign without offense, and that I never even answered the offenses. I carried out a campaign about Ecuador, a campaign with proposals and solutions for the people, and I will continue to do that.

But the country knows that I am an energetic individual and the country needs energy after the lack of administration we experienced, among other things, because the other candidate you mentioned is the one who asked for support of the current president and who is responsible for the misfortune suffered by the Ecuadoran people. I will keep this energy because I believe the country needs a statesman, a man with integrity, a man who has sensibility, and a great heart to serve the Ecuadoran people, but a man who can make himself respected and who can also respect.

Therefore, if the other candidate thinks he can get us involved in a dirty campaign, we will not get into it but we will not allow attacks, because the country does not want a president of my opponent's nature. But the country also does not want a weak and careless president. I will know how to put the candidacy in the right place, with dignity, and manners but with firmness, because I am firm and the country knows it, to be able to deserve being president of Ecuador. But I already put my hand out, I already talked about an embrace among Ecuadoreans.

I believe that the presence of a man like Diego Cordovez in my candidacy is very clear in breaking party barriers. This is not a Social Christian struggle, this is a struggle of all the Ecuadoran people. It is a struggle for the country, and we are all invited, independents and adversaries of the past. Therefore, we will march together breaking barriers, leaving aside differences, because the differences will not disappear. But there is a great desire for a better country, a country where we can all live. We will do that despite the effort of that group, as [name indistinct] said, which will always be deceived. There is a minority which can always be deceived, [words indistinct] and there is room for that, but there is a large majority who no longer wants to be deceived, who has been deceived enough, and will move toward its prosperity.

[Reporter] [Question indistinct]

[Nebot] I believe our campaign responded to the desires of the people. I believe the campaign did not lack anything, I believe what it needs is to continue on this path, continue to win battle after battle. We will win the battle on 7 July to be able to arrive on 10 August, not to conclude the political campaign but to start the great war against the poverty and unemployment of the Ecuadoran people.

I believe that we will dedicate all our efforts to the country, this is not the time for hate, selfishness or sectarianism. This is what has taken the intelligent and rich country to the current unjust situation. I believe once we overcome that, once we give the best of ourselves, when the Ecuadoreans of good faith are able to add and multiply, and to join efforts, hearts, and actions, then we will have a country, small in size, but

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gigantic with firm steps toward what we deserve to be and will be.

[Reporter] [Question indistinct]

[Nebot] You, as a seasoned and clairvoyant journalist, have no doubt understood what I have also understood through my long coexistence with the Ecuadoran people. There are some politicians who live in another world, in their own world. Yet, the large majority of Ecuadorans want to lead a better life. They want to be able to work, to eat, and to receive medical care.

I believe all the proposals you have mentioned from all those candidates have something in common: decency and sincerity. Although the position may be mistaken, regarding for instance what I think in some areas, in which I may disagree with them, I do not disagree with them in terms of decency. I disagree that those candidates have good intentions. These are precisely the major factors that will help me achieve victory.

There are decent, good people, who know that neither small nor major differences are important now. What counts now is the national banner, and the victory of all Ecuadoreans, an embrace between Ecuadoreans, as you said.

[Reporter] [Question indistinct]

[Nebot] Excuse me. I want to please ask you to speak one at a time. I will answer every question, but please let me listen to each question.

[Reporter] Should a debate about ideas, about proposals prevail during the runoff election?

[Nebot] Of course. I believe the Ecuadoran people deserve respect. More than between two men, the Ecuadoran people should choose from two proposals. I wish the runoff election to be conducted in this fashion. Even if this does not happen, I will continue to outline my proposal, to explain it, and to seek to persuade the Ecuadoreans that this is the right path. We can move ahead. This country has everything, except an honest, sincere, generous, capable, or determined government.

All Ecuadoreans must exercise this leadership because this is a task for the entire community. Thus, our country will reach the standing it is entitled to, and it will not lag behind the other Latin American development countries in terms of development. Our country will thus be in the First World, which is the only world I know. Others seek to govern a Third World country. I simply want to move my country toward the First World. This is the only world I know, I repeat. The world of progress, and of well-being. [applause]

[Reporter] [Question indistinct]

[Nebot] Forgive me for saying that because I believe the Ecuadoran people, who are listening to us, deserve that we try to meet their concerns and needs. Those are calculations that are very similar to that which this gentleman did with the money of Guayaquil which, instead of leaving it, he took it away. I personally, as well as my party, defeated him in elections in 1990, in 1992, in 1994, and in 1996. Thus, if I had some alleged problem, or the people had a problem with me, he should have more problems, because [words indistinct]. There is also a difference. I continue to believe that there are many more honest men, that there are more capable men, that there are many more generous men who love Ecuador than those who are holding a position that is absolutely contrary to ours. These people represent a small minority. This will become evident on 7 July.

Believe me that the candidate who is easier to defeat is the anti-candidate, it is he who represents a serious moral threat, a serious threat to decency, a serious threat to culture and to national unity, to love, and to a decent way of doing politics.

Peru

Peru: Car Bomb Explodes at Shell-Mobil Offices in Lima

PY1705123796 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1023 GMT 17 May 96

[FBIS Translated Text] Lima, 17 May (AFP-NA) — A car bomb destroyed a portion of Shell-Mobil's offices and warehouse and injured at least four people last night, just a few hours before the Peruvian Government and the international consortium are scheduled to sign a contract for the exploitation of the Camisea gas deposit located in Cusco.

This subversive action coincides with the 16th anniversary of the beginning of the Shining Path's armed struggle in the town of Chuschi, Ayachucho, in the Andean zone.

The explosion took place in the neighborhood of La Victoria, in eastern Lima, at 2245 (0345 GMT). It surprised pedestrians and customers at the pumps buying gasoline.

At the scene of the car bomb attack, Shining Path terrorists left some leaflets lauding the Shining Path, the armed struggle, and proclaiming the slogans "Out with Fujimori's fascist government," "No to the sale of the country," and "Viva president Gonzalo."

The explosion destroyed five automobiles and seriously damaged six Shell tankers filled with fuel, which, "had they exploded, could have killed many people, as it is a densely populated area," one firefighter said.

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It also weakened the infrastructure of several buildings in the area, shattered windows, and destroyed doors and walls of nearby houses, the police reported.

Upon learning about this event, the National Police Board put all units on "red alert" and police radios warned officers "to be alert for other possible attacks."

After two years of negotiations with the Shell-Mobil international consortium, the Peruvian Government last Sunday reached a definite agreement to sign a contract to exploit the Camisea gas deposit, as announced by President Alberto Fujimori.

The contract will be signed at noon on 17 May at Government Palace in the presence of the country's main political leaders and Shell-Mobil representatives.

Peru: Fujimori Flies to U.S. on Four-Day 'Private Visit'

PA1905042796 Madrid EFE in Spanish 1742 GMT 18 May 96

[FBIS Translated Text] Lima, 18 May (EFE) — Peruvian President Alberto Fujimori flew to the United States today for a four-day private visit. In important international economic meetings to be held in several U.S. cities, he will present the potential advantages of investing in Peru.

He flew in a private plane with Foreign Minister Francisco Tudela, Labor and Social Promotion Minister Jorge Gonzalez Izquierdo, Energy and Mines Minister Daniel Hokama, and several congress members.

Fujimori will arrive in New York tomorrow. On Monday, he will hold a lecture at the Foreign Policy Association, a private forum for the promotion of international relations.

Later, he will fly to Washington, where on Tuesday he will attend the inauguration of an exposition, sponsored by the National Geographic Society, to show the mummy of the "Lady of Ampato," an Inca princess discovered in the snow-capped peak of Ampato, located in Arequipa, in September 1995. The mummy will be shown outside Peru for the first time.

Also, as one of the leading foreign participants and guests, Fujimori will attend the 29th International General Assembly of the Pacific Basin Economic Council (PBEC), the world's most important private sector meeting, which will be held in Washington from 19 to 21 May.

The meeting will be attended by more than 1,000 businessmen and government officials, who will debate matters related to intercontinental trade.

Fujimori's agenda includes a news conference on 22 May and a probable visit to the headquarters of the IMF, the organization with which Peru negotiates most of its foreign debt.

Peru: IMF Agreement, Details, Reactions

96SM0297A Lima LA REPUBLICA in Spanish 11 May 96 p 1

["Fujimori Releases Report on IMF Letter of Intent" — received via Internet]

[Text]**The possibility of new measures remains open.**

The financial system will be reevaluated to emphasize banking prudence.

The Memorandum on Economic and Financial Policies for the period 1 April 1996 to 31 December 1998, proposed by the Peruvian government to reach a new Agreement on Broadened Repayment Terms with the IMF, makes clear that the president is prepared to take the additional measures that may be necessary to ensure the attainment of the objectives of the economic program under negotiation.

The possibility thus remains of a new package of economic measures designed to achieve the macroeconomic goals proposed (see chart) [not included].

The Memorandum basically pulls together the statements made by the President of the Council of Ministers, engineer Alberto Pandolfi, during his appearance before Congress on Friday, 3 May, but among its main surprises, it says that the Superintendency of Banking and Insurance (SBS) will conduct a reevaluation of the financial system, beginning in the second quarter of 1996, with the technical assistance of the IMF, and it will formulate an action plan for the period 1996 - 1998, which could include "more emphasis on indicators of baking prudence, if necessary."

In that connection, the Memorandum says that it is expected that a study will be concluded in June 1996 which will provide the basis for improving the practices of financial intermediaries in evaluating credit guarantees. Everything indicates that the banking system will be placed under more rigorous supervision, taking precautions to improve its investment portfolio, and preventing runs on banks, such as occurred during the Mexican crisis and before that in Chile.

Brady Until the End of 1996

The Memorandum recognizes that the current account deficit in the balance of payments will be financed in large part by influxes of long-term capital, which will continue to be substantial during 1996-1998.

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The Memorandum also says that Peru intends to request an easing of the debt from the official bilateral creditors of the Club of Paris, in terms consistent with a gradual return to external viability in 1998.

The Memorandum states that an attempt will be made to conclude the debt and service reduction operations with the commercial banking sector (Brady Plan) by the end of 1996, possibly including indebtedness to suppliers in this operation.

The Memorandum points to the need for the development of an aggressive privatization program for this year, with revenues from this activity on the order of $1.5 billion. The budget bill had projected approximately $1 billion from privatization.

The creation was also announced of an Integrated System of Financial Administration (SIAF) to improve the government's budget nd accounting management and stimulate reform of public administration through a Committee for State Modernization.

In early evening, the MEF [Ministry of Economy and Finance] would have learned of the publication by the Government Palace of the Letter of Intent, since at that hour the ministry's press office announced hat it was releasing an unofficial aide memoire on the published document.

President Fujimori seems once again to be negotiating the new agreement directly with the IMF.

The document will be subject to public debate for its subsequent approval by the IMF Board of Directors and the signing of the new Agreement on Broadened Repayment Terms.

For the Period 1996-1998

The Letter's Macroeconomic Goals

Inflation in 1996, between 9.5 and 11.5 percent.

Real growth in GDP [Gross Domestic Product] in 1996, between 3 and 4.5 percent.

Real growth in GDP in 1997 and 1998, more than 6 percent.

Increase in total investments from 24 percent of GDP in 1995 to 25.5 percent in 1998.

Growth in domestic savings during the period 1995-1998 from 16.5 percent of GDP to 20.5 percent. Two thirds of this increase will be in the public sector.

Reduction in external savings from 7.2 percent of GDP in 1995 to less than 5 percent in 1998.

Improvement in the public sector deficit (before privatization revenues) from a deficit of 2.6 percent of GDP in 1995 to 0 percent in 1998.

Increase in the primary fiscal deficit from 0.3 percent of GDP in 1995 to 2 percent in 1998.

Reduction of the consolidated public sector deficit in 1996 to 1.3 percent of GDP and a primary surplus of 1 percent of GDP.

Increase in ordinary income of the central government from 14.1 percent of GDP in 1996 to 14.6 percent in 1998.

Tax Measure

Increase the number of principal taxpayers from 8,541 to 9,500 by the end of June 1996.

Inroduction by the SUNAT [National Tax Administration Superintendency] for withholding part of the IGV [General Sales Tax] on suppliers.

The BCR and the Financial System

Increase in net international reserves (RIN) of 597 million in 1996.

A limit on foreign indebtedness by Cofide [Financial Development Corporation] of $110 million.

Continuation of a flexible exchange rate policy with interventions by the BCR [Central Reserve Bank] to limit fluctuations.

Reevaluation of the condition of the financial system with IMF technical support, and formulation of an action program for 1996-1998, under SBS [National Superintendency of Banks and Insurance Companies].

Foreign Debt

The Brady Plan will conclude by the end of 1996, possibly including indebtedness to suppliers.

Punctual fulfillment of debt service with international financial institutions, creditors of the Club of Paris, and others.

Privatization

Revenues for the Public Treasury from privatization in 1996 of $1.5 billion.

The sale in 1996 of the La Pampilla refinery, Talara, Lot 8/Lot 8X, Lot 10/11, 60 percent of the Cia Electrica EGenor of Electroperu [Peruvian State Electric Power Enterprise], shares of Telefonica, operating units of Centromin [Central Peru Mining Enterprise] and Pescaperu [State Fishmeal and Fish Oil Production Agency] factories.

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Sale of the operating units of Petroperu [State Petroleum Agency] will be completed in June 1997.

The sale during 1997 of the operating units of Electroperu and some of the remaining shares of Edelnor, Edegel and Luz del Sur. Also, start of the sale of Enapu [National Ports Enterprise], Enafer [National Railway Enterprise] and projects of Inade [National Development Institute].

Pensions

Completion of pension system reform, from 1996-1998.

Strengthening of the autonomous consolidated fund to meet the obligations of the public pension system, with contributions from the Treasury and transfer of assets from the National Pension Fund of the IPSS [Peruvian Institute of Social Security] to the ONP [expansion not available].

Health and Education

Encouragement of private investment in the health and education sectors.

Introduction of competition into the health insurance market.

Continuation of the program to improve the educational infrastructure and expand its coverage.

State Reform

Design and initiation, with the technical assistance of the IMF, of an Integrated System of Financial Administration (SIAF), to improve the central government's management of budget, accounting and treasury operations. The program will be approved for three ministries and Foncodes [National Compensation and Social Development Fund] in August 1996, and then extended to 15 of the principal budget programs in 1997.

Introduction of concepts of efficiency and productivity in public administration under the responsibility of the Commission for State Modernization.

Agricultural Sector

Approval in May 1996 of the law to facilitate the development of a market for farm land.

Creation of a water market, and encouragement of investment in forest activities, with appropriate laws.

Greater dynamism in the program for titling and registering rural property.

Encouragement of Job Creation

Greater flexibility in the labor market to promote investment and the creation of permanent employment.

Too Many Commitments for Peru

The Letter of Intent that the government will soon sign with the IMF left the Government Palace yesterday to take its place at the center of national debate.

"The goals are the same, but it is surprising that punctual repayment of the foreign debt is mentioned, when this is a commitment that can only be met by an emphasis on privatization, which has not been clearly defined.," says Alejandro Indacochea, researcher at the ESAN [School of Business Administration].

The amount of the debt, approximately $1.1 billion between commitments to the Club of Paris and the Brady Plan, will be covered by the $1.5 billion that Peru has committed itself to bring in through the sale of state enterprises, according to Indacochea.

"It is true that obligations must be met, but I ask how this repayment can be contemplated when we have had a negative commercial balance of payments for six years in a row. The only possible way is, as the Letter of Intent says, by selling everything."

Humberto Campodonico, economist at Desco [Center for Development Studies and Promotion], says that fiscal belt tightening and low levels of economic growth will continue. "The recession and the deficit in the commercial balance of payments (the difference between exports and imports) show that the goals can be at a level comparable to that of Mexico. The program does not have healthy growth, because it is based on spending the dollars produced by privatization, which means they are thinking only in the short term."

Less critical is the economist from Apoyo [expansion not available], Alavaro Quijandria, who points out that the principal characteristic of the Letter of Intent is that it defines a framework of pronounced political content.

"The first thing to be pointed out is that this document constitutes a commitment by the Peruvian government to exercise responsibility in macroeconomic management," said Quijandria, "but in this case it is also a guarantee for foreign investors and for the financial community that we re following sound policies."

Quijandria says that the first general effect on the country's economy will be the stimulation of greater foreign investment over the short and medium terms.

According to Quijandria, the Letter of Intent is not a credit document, but rather a guide for macroeconomic management, that will maintain access to IMF resources.

"It is essential to create the possibility of obtaining credit from other sources. Once the letter is signed, Peruvian

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firms will be able to sell their bonds abroad and in local banks, and also obtain lines of credit abroad," said Quijandria.

The next three years will be unfavorable for businessmen and workers. The letter that the government will sign with the IMF is deceitful and malicious. It will serve only to tighten the belts of the public even more, say economists.

Appealing to the mood with which Lima's citizens usually respond to depression and bad omens, economists described the Letter of Intent that the government will sign with the IMF as deceitful and malicious, because it will not only tighten the belts of the public, but will also be unfavorable to businessmen's prospects until 1998.

Ex-Minister of Economy Gustavo Saberbein, following an exhaustive analysis of the document, said that the proposal is like the football player who was called a liar, because the truth is that the government has committed itself to the IMF to sell all state enterprises not yet sold as soon as possible, starting with Petroperu.

This is a violation of the will of a majority of the Peruvian people - Saberbein said - 70 percent of whom are opposed to this auction and want a referendum, which already has the support of a million signatures.

Saberbein said that the government has committed itself to promote health insurance in competition with the Peruvian Institute of Social Security, expand privatization in education, further restrict labor rights, and strengthen an abusive and old fashioned tax system, in addition to other reforms that cause unemployment and despair.

I believe - Saberbein - that now with the publication of the draft of the Letter of Intent, one must ask whether [recently resigned official] Luis Castaneda Lossio is telling the truth when he says that health should not be for profit nor placed on the stock market.

Describing the real aims of the Letter of Intent, Saberbein said it has been confirmed that the government is going to sign an agreement for three additional years to implement restrictive policies and accentuate neo-liberal reforms in Peru, as anticipated by Michael Camdessus, executive director of the IMF, in a letter dated 20 February 1996, that he had the temerity to send to Minister Camet.

Saberbein said he did not doubt that the government will sign the agreement, which will limit growth in consumption, production and jobs for Peruvians until 1998, for the purpose of significantly increasing payments on the foreign debt and reducing the sizable commercial deficit in the balance of payments.

A deficit, Saberbein pointed out, that concerned no one in the government prior to Camdessus's letter.

Saberbein said that, because of the letter, the economy will be unfavorable for most workers and businessmen for the next three years, because not only will dismissals and salary and pension freezes continue, but the growth of liquidity and credit will continue to be restricted.

As the dollar will remain cheap, he went on, imports will continue to gain ground against domestic products, especially in the industrial and agricultural sectors.

Saberbein said that, as a result, domestic production will not grow more than 2 percent in 1996, instead of the 6.5 percent predicted last year during the preparation of the public sector budget for 1996, with the possibility that, if recovery is limited in the second semester, by the end of the year economic growth could be zero.

In addition, he said, because of policies of retrenchment, economic growth in 1997 and 1998 will in fact be much less than that foreseen by the government for those years.

In contrast with the views of government economists, the ex-minister of economy said that the government has not considered the fact that the model put into place five years ago creates few jobs, distributes income poorly and consumes more foreign exchange than it generates.

The shows that the model is not able to assure a dynamic, sustained and equitable economic growth, Saberbein said.

Saberbein claimed that, instead of correcting these serious flaws in the neoliberal model, the government has chosen to intensify the program and restrict the economy, so that the country will suffer three more years of economic stagnation, social polarization and deterioration of the nation's capital, and what is worse, at the end of this period the defects will remain.

Economist Cesar Humberto Cabrera, in an analysis of privatization, addressed in the Letter of Intent, charged that the government should not have allowed the IMF to infringe upon our national sovereignty by involving itself in the sale of Petroperu, which is rejected by a million Peruvians.

Is it possible - he asked - for an international organization, with the consent of the government, to state literally that in 1996 the government will offer for sale the Pampilla refinery and lot 8/8X, the Talara refinery and lot 10/11, and in the last quarter petroleum terminals?

Cabrera said that this was to ignore a request from citizens, which encourages the violation of a constitution

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that was approved and blessed by the government majority.

In a rapid review of the document, and making use of official statistics, Cabrera predicted that inflation would reach 14 percent, and not the 9.5 and 11.5 percent mentioned in the draft. He also maintained that growth will reach 2 percent, and that it was an outright lie, done with malicious intent, to say that the government will increase public spending in the next three years.

I do not want to be an alarmist - said Cabrera - but the indicators show that the government will not invest in health nor in education. Here I only have to point out that sales in the pharmaceutical industry, for example, have declined by 10 percent, which shows that poorer households are spending less to take care of themselves.

Debt Payment This Year Will Rise to $1.8 Billion

Lajo Says Economic Goals Will Not be Met

The Agreement on Broadened Repayment Facilities is designed to address payments of the foreign debt described in the Club of Paris and the Brady Plan, said Congressman Manuel Lajo.

Debt payments this year will come to $1.8 billion, which is why a primary surplus of 1.1 percent was established, as this money is needed to pay the debt, Lajo said.

The congressman also said that the macroeconomic goals set by the IMF will not be met, with regard to inflation, exports and GDP growth, and he made an appeal to take care of the social needs of the most needy.

Lajo predicted that inflation will reach 13 percent, and that exports will be only $6.2 billion, as opposed to government predictions of 10.7 percent for inflation and $6.4 billion for exports.

Meanwhile, the Vice President of the Congress, Victor Joy Way, said that the debate over the Letter of Intent should not take too long, because the projected figures are announced in advance.

Joy Way said that this agreement establishes conditions for negotiations with the Club of Paris, in which it is hoped agreements can be reached with creditor countries.

Joy Way said that restructuring and refinancing of the foreign debt are being sought, and that the amounts of repayments depend on the country's ability to pay.

Joy denied that the government is under the influence of the IMF and said that the Letter was drafted by experts from the Ministry of Economy and the Central Reserve Bank, and did not come from abroad.

The Government is Faithfully Following the Orders of the IMF

Falvi Requests Clarification of to Whom Debt is Being Paid

Economist Dennis Falvi said that the recession the country is undergoing is very severe, and this is because the government is following "faithfully" the dictates of the IMF.

Falvi said that the government must make clear once and for all how and to whom the foreign debt is being paid, because instead of decreasing, the debt is growing by the day.

Falvi noted that resources from privatization come to $6 billion, of which only $2 billion exist. Where is the money, he asked?

This is not very clear, Falvi said, which is why it is important for the government to say what it is doing with the money from privatization.

Falvi also commented on Minister Camet's remark, that GDP would grow by 3.5 percent by year's end, calling it a "fantasy."

On the other hand, ex-President of the BCR Jorge Chavez Alvarez expressed confidence that the economic program would produce good results and said that the evolution of the program must be awaited. He also predicted positive growth in the second half of 1996.

Chavez Alvarez called on businessmen and the government to invest in and support medium and small businesses, in order to create more jobs.

Asked his views of the unfavorable exchange rate that is affecting the export sector, Chavez said that there is a bias against exports that does not only involve exchange rates, but also costs that bear on exporters.

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